



County of Brunswick

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2015

**COUNTY OF BRUNSWICK
NORTH CAROLINA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended
June 30, 2015**

Prepared by the Brunswick County Finance Office

COUNTY OF BRUNSWICK, NORTH CAROLINA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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County of Brunswick Finance Department

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Bolivia, North Carolina 28422

Telephone: (910) 253-2070
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October 21, 2015

Honorable Members of the Brunswick County Board of Commissioners and Citizens of Brunswick County, North Carolina:

State law requires that all local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Brunswick County for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of Brunswick County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Brunswick County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Brunswick County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Brunswick County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

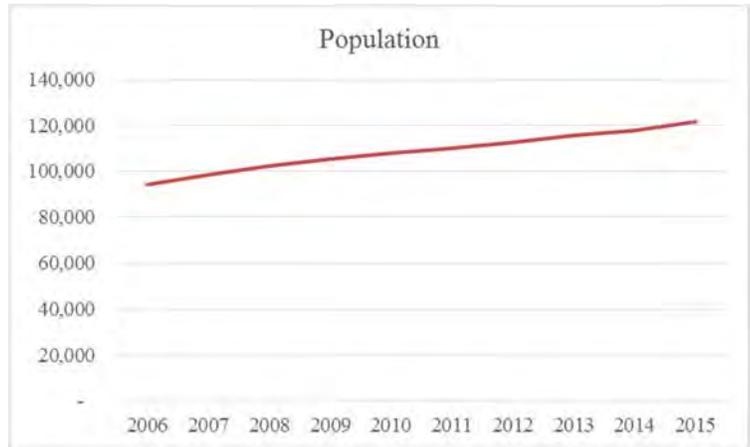
Martin Starnes & Associates, CPA's, P.A., a firm of licensed certified public accountants, has independently audited Brunswick County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Brunswick County for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Brunswick County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of Brunswick County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the County's separately issued Compliance Letters.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Brunswick County's MD&A can be found immediately following the independent auditor's report.

Profile of the Government

Brunswick County, founded in 1764 by the North Carolina General Assembly, is located in the southeastern corner of the State in the coastal plains region. As is typical of coastal plains, the topography is characterized by flatlands with soil composition of sand and sand loam. Forming a natural boundary on the southeast, the Atlantic Ocean gives the County approximately 47 miles of beachfront. It has an estimated population of 121,581, which is an increase of approximately 29% since 2006. It is the sixth largest county in the State, having a land area of 846 square miles.



Though historically rural in nature, the County has become increasingly more developed in recent years, largely as a tourism and retirement destination. There are 19 small municipalities and two sanitary districts. The County seat is located near the Town of Bolivia, in the approximate geographic center of the County.

The County is governed by a Board of Commissioners (the “Board”) consisting of five members elected on a partisan basis, with Commissioners running from and representing districts, but being elected at large for four-year staggered terms in November of even numbered years. The Board takes office on the first Monday in December following each election. The Board elects a chairman and vice-chairman from among its members.

The major duties of the Board include adoption of the annual budget, setting of the annual property tax rate, and appointment of various officials (County Manager, County Attorney, Clerk to the Board, and members of County boards and commissions). In addition, the Board can adopt policies concerning the operation of the county, plan for county needs and enact local ordinances. The Board also has authority to call bond referenda, enter into contracts and establish new programs and departments.

Brunswick County, like most counties in the State, has a Commissioner/Manager form of government. The manager is appointed by the Board, and serves at its pleasure.

Brunswick County provides a broad range of services that include public safety, environmental protection, health and social services, cultural and recreational programs, community and economic development, and education. The County also operates a water and wastewater utility system. This report encompasses the County’s activities in maintaining these services and includes its financial support to certain separate agencies, boards, and commissions to assist their efforts in serving citizens. Among these are the Brunswick County Schools and Brunswick Community College.

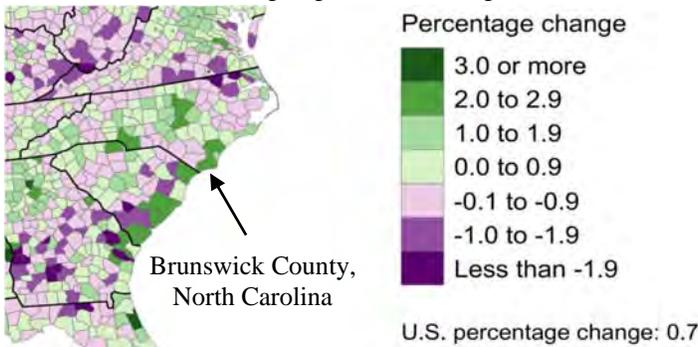
The financial reporting entity includes all funds of the primary government (Brunswick County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units, if applicable, are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the primary government. The Brunswick County Board of Alcoholic Beverage Control, the Brunswick County Economic Development Commission, the Brunswick County Tourism Development Authority and the Brunswick County Airport Commission are reported as discretely presented component units in the financial statements. The Brunswick County Industrial

Facility and Pollution Control Financing Authority and Brunswick County Leasing Corporation are also component units of Brunswick County however, both do not have financial transactions or account balances and are therefore not reported in the financial statements.

The annual budget serves as the foundation for Brunswick County’s financial planning and control. Each year all County departments are required to submit requests for appropriation to the County Manager, who then compiles a proposed budget and presents it to the Board of Commissioners for review. The board is required to hold public hearings on the proposed budget and to adopt a final budget by July 1 of the fiscal year, or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. The annual ordinance includes appropriations for the General, the Special Revenue (excluding the grant projects) and the Enterprise funds. Note 1 provides additional information on budgetary data. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 20 as part of the basic financial statements for the governmental funds. For annually budgeted special revenue funds, this comparison is presented in the non-major governmental fund subsection of this report, which starts on page 93. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., capital project funds).

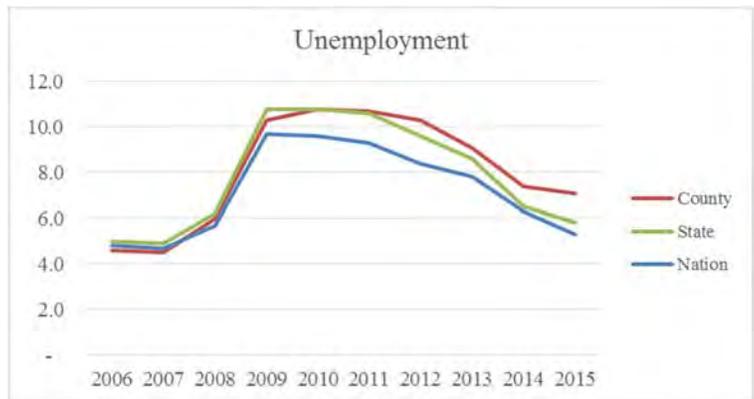
Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Brunswick County operates.



Local economy. Brunswick County in recent years has experienced significant growth in its permanent population. Current year growth in the County of 3.2% ranks number 2 in the state and number 30 in the country for growth in 2015. The permanent population grew at an average rate of approximately 3.2 percent annually over the last ten.

The County and State’s unemployment rates at June 2015 were 7.1 and 5.8 percent, respectively. The State’s seasonally adjusted unemployment rate at June 2015 is 5.3. The County’s growth rate continues to increase mainly due to many people moving to Brunswick County for its quality of life. As with the nation, the County’s high growth rate in residential and commercial development has subsided in more recent years but has begun to experience an economic comeback.

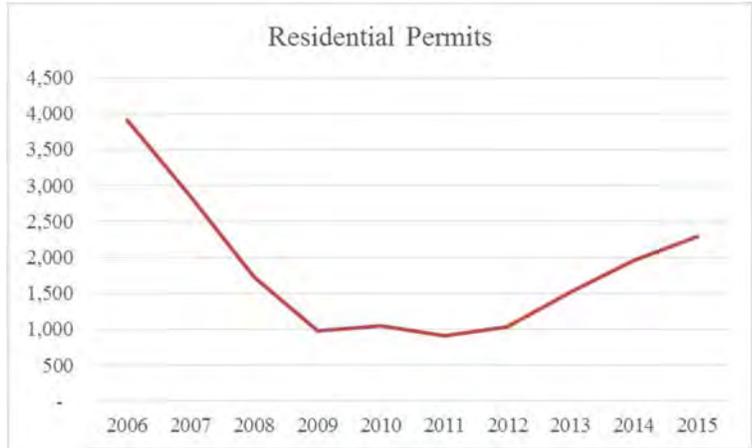


In the past year Brunswick County has experienced an increase in retail sales and tourism dollars as the economy improved. Since 2005, Brunswick County has had forty-five plant announcements, creating 1,665 new jobs and over \$277 million in new capital investment. Brunswick County has four improved industrial parks and three planned industrial parks with great potential for future development.

Brunswick County is currently marketing two large industrial parks. The International Logistics Park of North Carolina and the Mid Atlantic Industrial Rail Park are both located adjacent to US Highway

74/76 at the Brunswick/Columbus County line and have over 1,000 acres of land each. The ILPNC, a State Tier 1 identified site, provides services for water, wastewater and fiber optics. In December of 2012, it was recognized as a North Carolina Certified Industrial Park. The Mid Atlantic site also has sewer and water service and can provide natural gas. CSXT can serve the park with rail and CSXT has recognized the Mid Atlantic Industrial Park as one of the few Certified Industrial Parks in their service area.

The County’s diversified economy is based primarily upon tourism, manufacturing, retail, and construction. Our existing industries continue to expand as they have added many new jobs to the County. In the past two years, there have been two industrial announcements which will add at least 120 new jobs to Brunswick County. Tourism contributions include permanent, as well as secondary housing development, increased retail sales, increased employment opportunities and increased demand for potable water and wastewater collection and treatment services. Retail development has picked up again with new shopping centers planned near St. James, Supply, and Leland and the infill of stores within centers in the southern part of the county. In the past year, residential construction has increased to levels experienced prior to the real estate bubble with hundreds of new homes now under construction.



Retail trade is the largest employment sector in Brunswick County, accounting for 16% of employment, while accommodation and food services represent 14%, government 8%, health care and social assistance 12%, public administration 8%, arts, entertainment, and recreation 6%, administrative and waste services 5%, construction 6%, real estate 3%, utilities 4%, wholesale trade 4% and manufacturing 5%. Various other employment sectors make up the remaining 9%.

There are two hospitals located in the County. Brunswick Community Hospital, a 62-bed acute-care facility, is owned by Novant, a non-profit corporation. The hospital opened in November, 1977. In March 2006, the Authority leased the Brunswick Community Hospital to Novant Health. On April 29, 2007, Brunswick Community Hospital, affiliated with Novant Health received conditional State approval to build a 74 bed replacement hospital with all private rooms and construction began in 2008. The cost of the replacement hospital is more than \$100 million with 200,000 square feet. The new hospital facility opened in July 2011 and is located approximately 3 miles from the prior facility on Hwy. 17 near Brunswick Community College. The replacement hospital contains 74 private rooms, 5 operating rooms, 1 GI endoscopy room, pharmacy, lab and emergency room.



Brunswick County is becoming the golf capital of the State of North Carolina. Thirty-six state of the art golf courses with most having residential/commercial development associated with them are located in the County.

Cape Fear Regional Jetport also known as the “Little Airport with the Big Heart” is located in Oak Island, NC drawing both business and recreation planes. The ideal location with 60 miles of beach, 36

golf courses and charming communities combined with the airport itself boasting 19 businesses including two aircraft maintenance shops, one large paint shop, the largest flight school on the coast, bait and tackle shop, an avionics shop and an aircraft interior shop just to name a few. All of this is key in attracting the 82 aircrafts based at the airport with a 10 year waiting list for hangers. The airport is 6th in General Aviation Airport economic engines in the State of North Carolina out of 67 other airports.



Brunswick County's economic future looks bright as the new industrial parks expand, new retail shopping centers develop, new tourist attractions are completed and new residential growth continues.

Long-term financial planning. The County's Capital Improvement Plan through the year 2020 provides a plan, based on need, to fund and acquire various projects.

The Capital Improvement Plan for general government in FY 2016 totals \$7.4 million. General government projects include \$4.3 million for Smithville park improvements, \$1.1 million for sheriff's firing range and \$1.3 million for Avalon Subdivision Improvement and are funded from county general revenues and county capital reserve funds. Also included in the County Capital Improvement Plan are additional utility projects that total approximately \$6.5 million for fiscal year 2016. Water system improvements total \$3.4 million and include waterline extensions, transmission improvements, plant improvements and the phase II of the aquifer storage and recovery study. Wastewater improvements for fiscal year 2016 total \$3.1 million and include site upgrades, capacity improvements, main upgrades and extensions of which \$2.0 million is for the Carolina Shores collections system. The enterprise projects are anticipated to be funded with special assessment revenues in 2016 of approximately \$0.7 million with the remaining provided from enterprise system generated reserve funds.

The West Brunswick Regional Water Reclamation Facility Phase 1, completed in February of 2006 at a cost of \$60.5 million, provides for the effluent to be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional Facility. The project is fully supported by user charges. Along with this effort, the County revised its sewer use ordinance to enhance the effectiveness of the regional wastewater system concept. The county completed the expansion of the West Brunswick Regional Water Reclamation Facility Phase



2 from 3 mgd to 6 mgd in 2009 and provided a transmission line to serve the Town of Oak Island at a cost of \$54.0 million. The County acquired the Town of Shallotte Wastewater treatment plant with permitted capacity of .5 mgd July 1, 2007 incorporating that plant into the West Brunswick Regional Facility. The County issued revenue bonds in January of 2008 for \$52.8 million to fund the expansion of the West Brunswick Regional Water Reclamation Facility and the Southwest Area Pump Station and Force Main project. The West Brunswick Regional Water Reclamation Facility Phases 1 and 2 serves the Town of Holden Beach, Town of Oak Island, Town of Shallotte, City of Southport, large residential and commercial developments, and retail customers within the county residential service area.

The County operates the Northeast Brunswick Regional Water Reclamation Facility which serves the Town of Leland, Navassa, H2GO and the City of Northwest and is fully supported by user charges. The county has recently completed an expansion of the plant of .825 mgd to bring capacity to 2.475 mgd due to increased needs of the participants for a cost of \$13.2 million with the debt to be serviced by the regional participant contributions and County retail water fees.

The Ocean Isle Beach Water Reclamation Facility was acquired from the Town of Ocean Isle Beach in 2012 through a Sewer Service Agreement. The Facility has a permitted treatment capacity of 1.05 mgd and effluent from the facility is sprayed on a 320 acre site adjacent to the plant. The Facility serves the Town of Ocean Isle Beach and the nearby portion of the County Sewer Service Area including Ocean Isle Palms and Ocean Ridge. The County recently completed a pump station and 14" sewer force main that will allow the transfer of wastewater from the Ocean Isle Beach WWTP to the West Brunswick Water Reclamation Facility.

The County plans to make water transmission improvements over the next few years and has begun the expansion of the Northwest Water Treatment Plant. This expansion will provide potable water to meet the county's growing demands for an estimated total cost of \$8.4 million.

Awards and Acknowledgements

Awards. The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This is the thirteenth consecutive year that the County has received the prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report. The report also must satisfy both generally accepted accounting principles and applicable legal requirements.



A Certificate of Achievement is valid for a period of one year only. We believe that this comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. We appreciate the efforts of the entire staff of the Finance Department throughout the year, especially during the preparation of this annual financial report with the assistance of Martin Starnes & Associates, CPAs, P.A. We would like to recognize the members of the finance staff for their dedication and ongoing efforts in the preparation of the 2015 CAFR:

- | | | | |
|-------------------|---------------|----------------|------------------|
| Jackie Gibson | Bill Noland | Ventzie Penev | Tanya Simpson |
| Yvette Glenn | Ingrid Oliver | Tiffany Rogers | Aaron Smith, CPA |
| Christina Kennedy | Debra Ormand | | |

We would like to commend each County department for their cooperation and assistance in carrying out the activities comprised in this report. Recognition and appreciation is also extended to the County Manager and the Board of Commissioners for their continual support in maintaining the highest standards of professionalism in the management of the Brunswick County's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Julie A. Miller'.

Julie A. Miller, CPA
Director of Fiscal Operations



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Brunswick
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

County of Brunswick, North Carolina
List of Principal Officials
June 30, 2015

Board of County Commissioners

Scott Phillips, Chairman
Pat Sykes, Vice-Chairman
J. Martin Cooke
Randy Thompson
Frank Williams

County Officials

Ann B. Hardy, MPA, CPA
Steve Stone, MPA
John W. Ingram, V
Charlie Miller
Brenda M. Clemmons
Margie Stephenson, NCCCC
Vacant
Bryan W. Batton, Esq.
Julie A. Miller, CPA
Aaron C. Smith, CPA
Melanie Turrise
Sara Knotts
Mark Blevins
Brian Watts

David M. Stanley, III

Mike Hargett

Reggie Hucks
Pamela Cheers
Jeff Niebauer

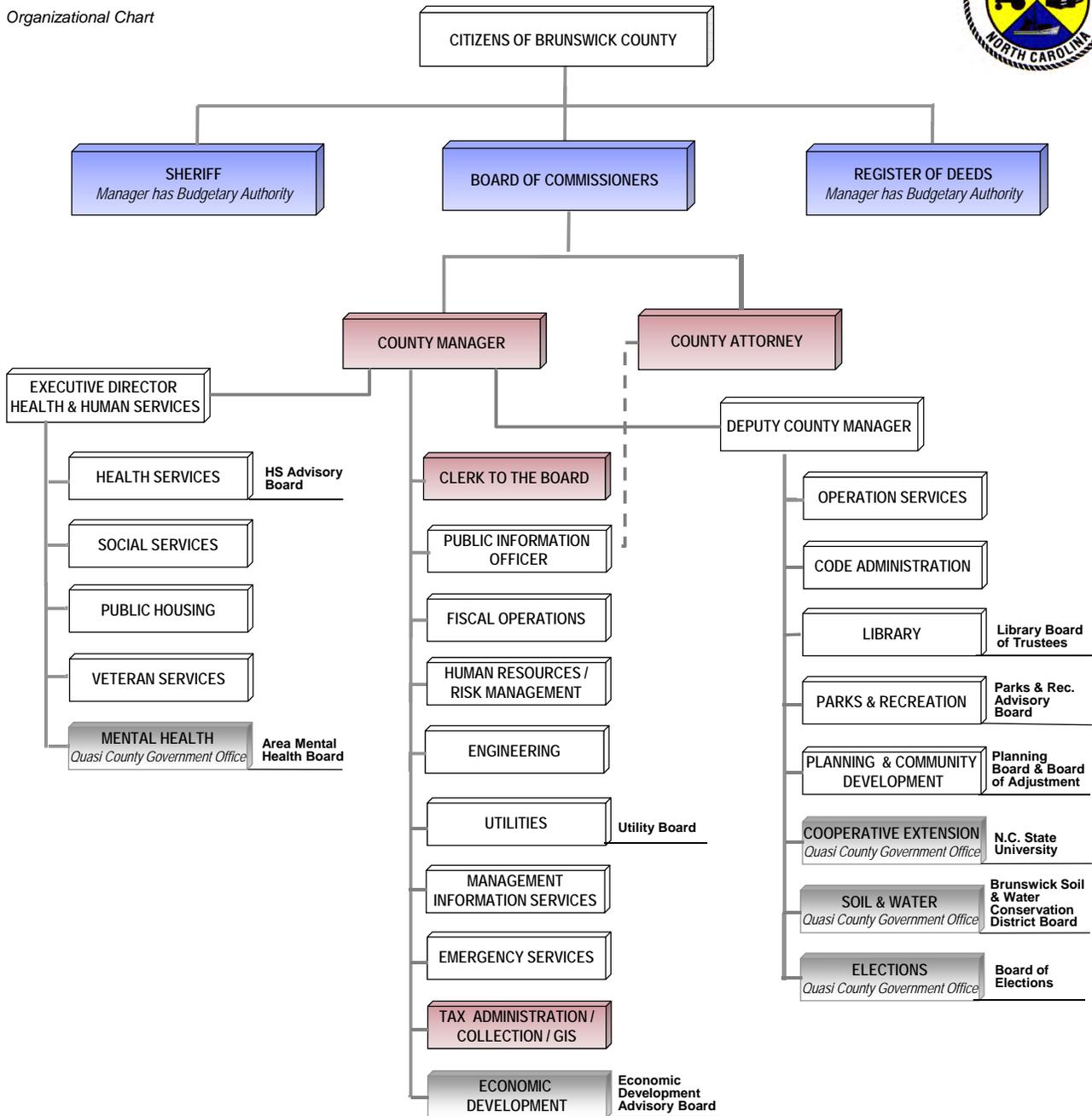
Catherine Lytch
Jerry Pierce, PE
John Nichols, PE

Anita Hartsell
Maurice Tate
Aaron S. Perkins
Stephanie Lewis
Mamie Caison
Steve Randone
William L. Pinnix, PE

County Manager
Deputy County Manager
Sheriff
Sheriff's Chief Deputy
Register of Deeds
Clerk to the Board
County Attorney
Interim County Attorney
Director of Fiscal Operations
Deputy Director of Fiscal Operations
Director of Human Resources
Director of Elections
Director of Cooperative Extension
Director of Emergency
Management and Services
Director of Health and Human
Services
Director of Planning and Community
Development
Director of Code Administration
Public Housing-Section 8 Manager
Tax Administrator/Revenue
Collector and GIS
Director of Social Services
Director of Public Utilities
Assistant Director of Public
Utilities
Senior Veteran Services Officer
Director of Libraries
Director of Parks & Recreation
Director of Operation Services
Director of Soil & Water
Director of MIS
Director of Engineering Services



Organizational Chart



LEGEND

Elected Officials

Appointed by the Board of Commissioners

Consultative supervision by Administration

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Brunswick County
Bolivia, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise Brunswick County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Brunswick County, North Carolina. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express and opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015 on our consideration of Brunswick County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brunswick County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 21, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Brunswick County, we offer readers of Brunswick County's financial statements this narrative overview and analysis of the financial activities of Brunswick County for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

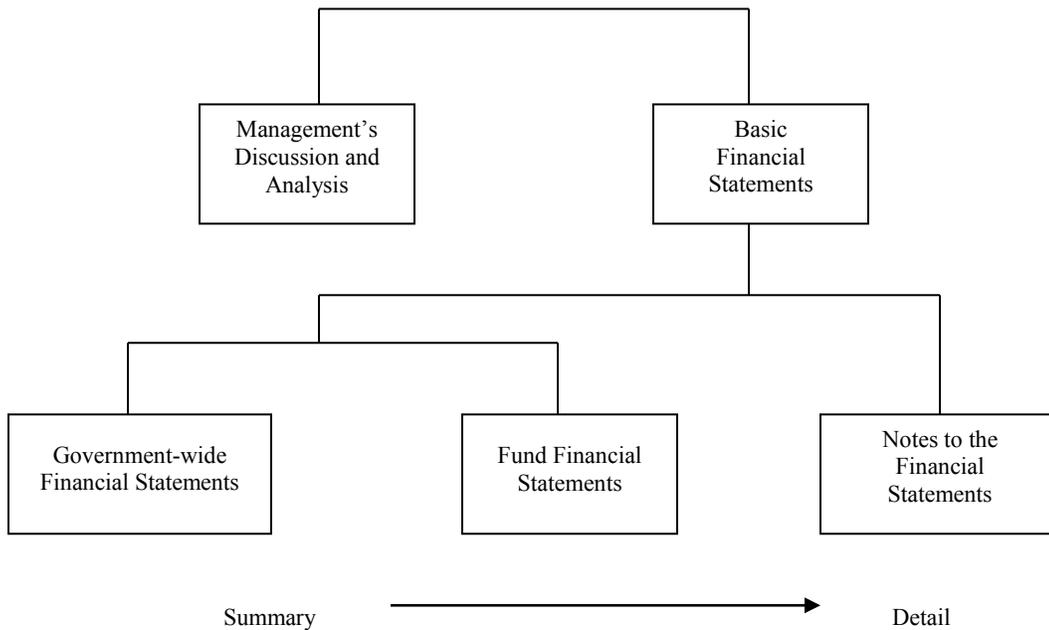
- The assets and deferred outflows of resources of Brunswick County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$96.8 million (*net position*). The County's net position is impacted considerably by the general obligation debt the County has issued on the behalf of the school system and community college to fund capital outlay. Under North Carolina law, the County is responsible for providing capital funding for the school system and college. The County has chosen to meet its legal obligation to provide education capital funding by using a mixture of sales taxes, general obligation debt, and installment debt. A portion of the assets funded by the County issued debt are owned, utilized, and maintained by the school system and community college, therefore, the County acquires no capital assets, and incurred a liability without a corresponding increase in assets. At the end of the fiscal year, the outstanding balance of the education general obligation debt is approximately \$48.7 million dollars. Furthermore, the entire amount of education general obligation debt is collateralized by the full faith, credit and taxing power of the County. The County is authorized and required by State law to levy ad Valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due. Note 7F on page 50 further explains the effect of education debt on net position.
- The County's net position of governmental activities increased by \$10.3 million mainly due to increased revenues in the General Fund.
- As of the close of the 2015 fiscal year, the County's general fund reported amounts restricted for Stabilization by State statute of \$9.2 million, minimal restrictions for public housing section 8 beneficiaries, and \$2.6 restricted for health and wellness programs totaling \$2.6 million. The unrestricted fund balance totals \$56.5 million of which \$0.2 million is committed for revaluation purposes, \$1.9 million is assigned to balance the FY 2015 annual budget leaving \$54.4 million available for spending.
- Moody's Investor Services ratings are Aa2 for general obligation bonds, Aa3 for limited obligation and revenue bonds. The County improved its general obligation bond rating to AA+ from Standard & Poor's bond rating agency, with limited obligation improved to AA and revenue bonds maintained at AA-. The County bond rating with Fitch is AA for general obligation bonds, AA- for limited obligation bonds and revenue bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Brunswick County's basic financial statements. Brunswick County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the fiscal condition of Brunswick County.

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information concerning the County's financial status.

The next statements are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

The final section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. Following the notes, **supplemental information** provides details of the County's non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of Brunswick County's finances, in a manner similar to a private-sector business.

The two government-wide statements report the County's net position and how they have changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gage the County's financial condition.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Brunswick County include general government, public safety, public education, economic development, and general administration. The business-type activities of Brunswick County are water and wastewater services offered by the County along with internal services funds for the County's self-insured workers' compensation program and the employee health fund.

The government-wide financial statements include not only Brunswick County itself (known as the primary government), but also the Brunswick County ABC Board, Economic Development Commission, Airport Commission, and Tourism Development Authority. Although legally separate from the County, these boards, commissions and authorities are important to the County because the County exercises control over their members by appointing them. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 14-16 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and agency funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The County maintains two types of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and wastewater activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. The *Internal Service Funds* are used to report the activities for the financing of workers' compensation self-insurance cost incurred and the employee health insurance fund.

Agency Funds - Agency funds are used to account for assets the County holds on behalf of others. The County has six agency funds.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-72 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its public safety employees and other post-employment health benefits to employees. Required supplemental information can be found on pages 73-78 of this report.

Brunswick County's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 125,560,496	\$ 111,478,715	\$ 77,123,992	\$ 68,083,717	\$ 202,684,488	\$ 179,562,432
Capital asset (net)	128,124,662	120,123,902	369,983,547	365,402,944	498,108,209	485,526,846
Total assets	<u>253,685,158</u>	<u>231,602,617</u>	<u>447,107,539</u>	<u>433,486,661</u>	<u>700,792,697</u>	<u>665,089,278</u>
Deferred Outflows of Resources:	3,049,430	4,292,720	4,409,428	409,854	7,458,858	4,702,574
Noncurrent liabilities	128,673,670	132,295,397	148,823,795	141,262,965	277,497,465	273,558,362
Other liabilities	20,969,608	16,988,193	16,857,001	16,118,466	37,826,609	33,106,659
Total Liabilities	<u>149,643,278</u>	<u>149,283,590</u>	<u>165,680,796</u>	<u>157,381,431</u>	<u>315,324,074</u>	<u>306,665,021</u>
Deferred Inflows of Resources:	10,249,191	81,171	1,533,474	-	11,782,665	81,171
Net position:						
Net investment in capital assets	94,573,843	85,033,340	229,251,045	220,347,412	323,824,888	305,380,752
Restricted	13,757,595	13,683,095	-	-	13,757,595	13,683,095
Unrestricted	(11,489,319)	(12,185,859)	55,051,652	56,167,672	43,562,333	43,981,813
Total net position	<u>\$ 96,842,119</u>	<u>\$ 86,530,576</u>	<u>\$ 284,302,697</u>	<u>\$ 276,515,084</u>	<u>\$ 381,144,816</u>	<u>\$ 363,045,660</u>

The assets and deferred outflows of resources of Brunswick County governmental activities exceeded its liabilities and deferred outflows of resources by \$96.8 million as of June 30, 2015. Net position is reported as follows: net investment in capital assets of \$94.6 million, restricted for stabilization by State statute \$9.8 million, restricted for other purposes \$3.9 million and unrestricted net position of (\$11.5) million.

The net investment in capital assets category is defined as the County's investments in County-owned capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets. Brunswick County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

	Amount (in millions)
Total capital assets	\$ 128.1
Less long-term debt	(89.8)
Less current maturities of long-term debt	(12.1)
Landfill closure included in long-term debt	8.6
Current portion of compensated absences	0.3
Education general obligation debt payable	48.7
Restricted cash from unexpended debt proceeds	10.8
Total net investment in capital assets	<u>\$ 94.6</u>

The final category of net position is unrestricted resources. This balance may be used to meet the government's ongoing obligations to citizens and creditors. At June 30, 2015, the unrestricted resources were (\$11.5) million. Even though the debt issued has been issued to finance capital outlay, construction and renovation for the school system and the community college, the Governmental Accounting Standards Board has determined that it is not capital debt for the County since it is not financing assets owned by the County. As a result the education debt is reportable within the unrestricted category of the net position rather than as part of the category net investment in capital assets.

The impact of the inclusion of the education debt without the corresponding assets was offset by the continued low cost of debt due to Brunswick County's excellent bond ratings.

Brunswick County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Changes for services	\$ 18,141,401	\$ 17,407,961	\$ 43,133,832	\$ 43,906,639	\$ 61,275,233	\$ 61,314,600
Operating grants and contributions	26,287,134	21,251,589	-	-	26,287,134	21,251,589
Capital grants and contributions	1,691,195	3,311,384	1,442,690	1,204,063	3,133,885	4,515,447
General revenues:						
Ad valorem taxes	111,847,084	112,080,219	-	-	111,847,084	112,080,219
Local option sales taxes	19,698,311	17,832,031	-	-	19,698,311	17,832,031
Other taxes	4,088,743	3,766,292	-	-	4,088,743	3,766,292
Sale of real property	-	-	-	-	-	-
Investment earnings	120,072	140,616	53,888	72,390	173,960	213,006
Total revenues	<u>181,873,940</u>	<u>175,790,092</u>	<u>44,630,410</u>	<u>45,183,092</u>	<u>226,504,350</u>	<u>220,973,184</u>
Expenses:						
General government	11,457,688	12,254,383	-	-	11,457,688	12,254,383
Public safety	38,962,019	39,375,729	-	-	38,962,019	39,375,729
Central services	15,525,612	14,123,067	-	-	15,525,612	14,123,067
Human services	28,935,510	28,293,768	-	-	28,935,510	28,293,768
Transportation	471,838	2,006,314	-	-	471,838	2,006,314
Environmental protection	14,029,464	16,242,909	-	-	14,029,464	16,242,909
Cultural and recreation	3,937,844	4,084,737	-	-	3,937,844	4,084,737
Economic and physical development	9,799,191	7,270,311	-	-	9,799,191	7,270,311
Education	44,955,498	44,441,846	-	-	44,955,498	44,441,846
Interest on long-term debt	3,487,733	4,510,795	-	-	3,487,733	4,510,795
Water and wastewater	-	-	36,842,797	38,683,249	36,842,797	38,683,249
Total expenses	<u>171,562,397</u>	<u>172,603,859</u>	<u>36,842,797</u>	<u>38,683,249</u>	<u>208,405,194</u>	<u>211,287,108</u>
Increase (decrease) in net position	<u>10,311,543</u>	<u>3,186,233</u>	<u>7,787,613</u>	<u>6,499,843</u>	<u>18,099,156</u>	<u>9,686,076</u>
Net position, July 1	<u>91,598,617</u>	<u>88,412,384</u>	<u>277,350,435</u>	<u>270,850,592</u>	<u>368,949,052</u>	<u>359,262,976</u>
Net position, restated	<u>86,530,576</u>	<u>88,412,384</u>	<u>276,515,084</u>	<u>270,850,592</u>	<u>363,045,660</u>	<u>359,262,976</u>
Net position, June 30	<u>\$ 96,842,119</u>	<u>\$ 91,598,617</u>	<u>\$ 284,302,697</u>	<u>\$ 277,350,435</u>	<u>\$ 381,144,816</u>	<u>\$ 368,949,052</u>

Governmental activities. Governmental activities accounted for \$96.8 million, which is 25.4 percent of the total net position. Governmental revenues increased mainly due to increases in ad valorem tax collections, local option sales taxes and intergovernmental sources. Operating grants funded \$26.3 million of the county's governmental activities. Governmental expenses increased due to park land purchase and improvements, economic development, and public safety projects and operational increases in Public Safety and Human Services. Governmental net position increased \$10.3 million mainly due to principal debt retirements associated with education facilities for which the county does not own the underlying assets.

Business-type activities. Business-type activities increased the County's net position by \$7.8 million. Business-type revenues decreased mainly due to a decrease in wastewater assessment revenues. Business-type expenses decreased slightly due to efforts to minimize costs. Business-type net position increased by \$7.8 million due to the completion of capital projects and the principal retirement of the associated debt on the assets.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Brunswick County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance available for appropriation may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$103.6 million, which is an increase of \$9.1 million over the prior year. Approximately \$24.7 million of the total fund balance is restricted by state stabilization or other restrictions and approximately \$78.9 million is unrestricted. Of the unrestricted fund balance of \$78.9 million at June 30, 2015, \$22.3 million or approximately 28.3 percent was committed for education and county capital projects and \$1.9 million was assigned for subsequent year expenditures leaving \$54.4 million of unassigned fund balance. The unassigned fund balance of \$54.4 million, which is approximately 52.5 percent of the total fund balance, is available for spending at the County's discretion.

The General Fund is the principal operating fund of the County. At the end of the current fiscal year, unassigned fund balance in the general fund was \$54.4 million, while total fund balance for the general fund increased from \$66.3 million to \$68.4 million mainly due to increased ad valorem tax collections, local option sales taxes, and intergovernmental revenues. Amounts in the General Fund balance assigned for subsequent year's expenditures totaled \$1.9 million. The amount of restricted general fund balance was \$9.2 million for stabilization by state statute and \$2.6 million for other restriction related to health and wellness and public housing section 8 programs. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned general fund balance represents 32.7% of total general fund expenditures, while total general fund balance represents 41.1% of that same amount. The County Capital Project fund balance decreased \$3.3 million due to planned capital project expenditures. The Education Capital Project Fund balance increased \$10.5 million due to debt financing issued. The Non-Major Governmental Funds balance decreased \$0.2 million mainly due to an increase in planned expenditures related to the Emergency Telephone System Fund's Central Communication Building Project.

Enterprise Funds. The Water Fund's net position increased \$4.5 million to \$151.8 million. The Wastewater Fund's net position increased \$3.3 million to \$132.5 million. The increases in the net position of the enterprise funds are from the completion of capital projects and capital contributions.

Internal service fund. The Health Insurance Internal service fund decreased net position from \$1.0 million to \$0.6 million due to user claims in excess of charges. The Workers' Compensation Internal service fund net position decreased from \$2.7 million to \$2.0 million due to users claims in excess of charges.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$7.3 million. The majority of the increase was comprised of \$1.6 million increase in ad valorem taxes and \$4.6 million increase in intergovernmental revenues. Total actual revenues exceeded amended budgeted amounts by \$7.7 million. Total actual expenditures were \$6.2 million less than amended budgeted amounts, with the majority of that amount relating to expenditures lower than budgeted in general government, central services, public safety and human services.

Proprietary Funds. Brunswick County's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of Water/Wastewater Funds at the end of the year totaled \$55.1 million. The primary factor affecting this amount was a net increase of \$4.6 million in the County's capital assets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Brunswick County's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$498.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment.

Brunswick County has experienced significant development and population growth over the past ten years. Growth occurred due to tourism and people relocating to the County. The County completed the first of two regional water reclamation facilities on February 12, 2003, located in the northeastern region of the County (referred to as Northeastern Brunswick Regional Water Reclamation Facility). For this regional water reclamation facility, the Board of County Commissioners entered into service agreements with four other jurisdictions including the Town of Leland, Town of Navassa, H2GO and the City of Northwest. The County owns and operates the reclamation facility, while the participants are responsible for their respective collection systems. Recently completed is the expansion of the treatment plant from a 1.65 to a 2.475 mgd plant to serve the growing population in the northern region of the county. This joint venture allowed existing, less effective package treatment plants to be taken off line, therefore reducing the number of wastewater discharges into the Cape Fear River. Through an agreement with a local golf course development and industry, much of the treated wastewater may be land applied or reused for industrial purposes further reducing the discharge into the river. The reclamation facility is fully supported by user charges. The County's investment in the capital asset is approximately \$25.5 million as of June 30, 2015.

In addition to the Northeast Brunswick Regional Water Reclamation Facility, the County completed construction in February 2006 of the West Brunswick Regional Water Reclamation Facility. Participants in the system include Brunswick County, the Town of Holden Beach, Town of Oak Island, City of Southport and the Town of Shallotte. The treatment plant was expanded in 2011 from a 3 to 6 mgd plant. Construction of transmission lines to serve the Towns of Oak Island and Shallotte along with the southwest portions of the county was also completed in 2011. The treated effluent from the West Brunswick Regional Water Reclamation Facility will be land-applied, either on tree farms or golf courses. There will not be any discharge of treated effluent to any surface water from the West Brunswick Regional facility. The facility is fully supported by

user charges. Along with this effort, the County revised its sewer use ordinance and adopted a countywide storm water management ordinance and program to enhance the effectiveness of regional facilities. The County's investment in the capital asset is approximately \$114.7 million as of June 30, 2015.

Brunswick County's Capital Assets

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 16,299,029	\$ 12,731,432	\$ 2,830,609	\$ 2,830,609	\$ 19,129,638	\$ 15,562,041
Operating plants, buildings & improvements	101,000,662	97,300,320	144,426,621	149,607,458	245,427,283	246,907,778
Equipment and vehicles	5,783,212	6,431,105	11,375,336	10,316,473	17,158,548	16,747,578
Distribution and collection systems	-	-	195,234,196	187,247,231	195,234,196	187,247,231
Construction in progress	5,041,759	3,661,045	16,116,785	15,401,173	21,158,544	19,062,218
Total capital assets, net	<u>\$ 128,124,662</u>	<u>\$ 120,123,902</u>	<u>\$ 369,983,547</u>	<u>\$ 365,402,944</u>	<u>\$ 498,108,209</u>	<u>\$ 485,526,846</u>

Additional information on Brunswick County's capital assets can be found in Note 4 on pages 41 and 42 of this report.

Long-term Debt. At the end of the current fiscal year, Brunswick County had total general obligation bonded debt outstanding of \$54.1 million, which is backed by the full faith and credit of the County.

General Obligation, Capital Leases and Installment Notes Payable

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 50,615,000	\$ 57,895,000	\$ 3,445,000	\$ 3,605,000	\$ 54,060,000	\$ 61,500,000
Limited obligation bonds	40,500,000	33,120,000	-	-	40,500,000	33,120,000
Bond premiums	1,504,922	-	8,315,899	-	9,820,821	-
Installment purchases & revolving loans	350,000	425,000	43,819,260	48,586,282	44,169,260	49,011,282
Revenue bonds	-	-	98,667,778	93,122,808	98,667,778	93,122,808
Other	47,780,758	51,799,552	5,310,516	5,877,928	53,091,274	57,677,480
Total long-term debt	<u>\$ 140,750,680</u>	<u>\$ 143,239,552</u>	<u>\$ 159,558,453</u>	<u>\$ 151,192,018</u>	<u>\$ 300,309,133</u>	<u>\$ 294,431,570</u>

The legal debt limit is \$2.02 billion. The legal debt margin on June 30, 2015 was \$1.93 billion.

This legal debt limit is determined by the Municipal Finance Law of North Carolina, which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 7.5% and to total general fund expenditures is 8.4%. The County's governmental general obligation debt per capita is \$416 as of June 30, 2015. The County's governmental activities gross debt per capita (excluding landfill closure/post closure, accrued compensated absences and pension benefit obligations) is \$752 made up of \$416 of general obligation debt per capita, \$333 in outstanding limited obligation bonds for construction and renovation of various county and education buildings and \$3 for county building installment purchases.

The County's debt had a net decrease of \$2.5 million in governmental and a net increase of \$8.4 in enterprise funds, for a total 2.0 percent increase during the current fiscal year. The key factor in this increase was the addition of the 2015 revenue bonds for water and sewer capital projects. Additional information on Brunswick County's long-term debt can be found in Note 7 on pages 45-52 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Brunswick County is currently 7.0 percent and was 7.1 percent at June 30, 2015, compared to the state's seasonally adjusted unemployment rate of 5.9 percent currently and 5.8 percent at June 30, 2015.
- Inflationary trends in the region are similar to national indices.
- Population estimation of 121,581 has grown nearly 28.9 percent in the last 10 years.

All of these factors were considered in preparing Brunswick County's budget for fiscal year 2015-2016.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2015-2016

Governmental activities. A 9.3 percent decline in the tax base is anticipated under last year's approved budget, to a total of \$22.9 billion in property valuation as compared to 25.3 billion in 2015. The county established a revenue-neutral tax rate of \$0.485 cents. Since the revenue-neutral rate includes a factor for prior growth in values, this equates to \$105.8 million in Ad Valorem taxes. Budgeted operating expenditures in the General Fund are expected to increase 2.5 percent to \$165.4 million.

Budgeted expenditures for education are expected to increase 1.0 percent or approximately \$364 thousand. Education funding includes a current expense appropriation to the Brunswick County School System that represents 36.5 percent of the ad Valorem tax base excluding any amount needed for annual general government debt service. The School System funds the majority of its local capital outlay needs from sales tax allocations, bond proceeds, lottery funds and ad valorem taxes. The County also includes an appropriation to the Brunswick Community College in its educational funding for current expense and capital outlay needs.

Business-type activities. The water and wastewater enterprise fund is anticipated to increase 7.0 percent due to normal growth, the planned acquisition of the Caswell Beach water and sewer system and to cover increased costs associated with personnel, operation, and capital outlay.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Brunswick County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Fiscal Operations, Post Office Box 249, Bolivia, North Carolina 28422. You can also visit our website:

<http://www.brunswickcountync.gov/finance/>

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component
	Governmental Activities	Business-type Activities	Total	Units Total
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 92,802,822	\$ 48,130,706	\$ 140,933,528	\$ 1,123,656
Restricted cash and investments	11,206,187	13,591,739	24,797,926	12,425
Interest receivable	77,204	34,017	111,221	-
Taxes receivable, net	6,005,261	-	6,005,261	-
Receivables and special assessments, net	3,323,482	11,760,881	15,084,363	357,270
Other governmental agencies	7,506,447	711,026	8,217,473	2,228
Inventories	-	2,266,439	2,266,439	311,080
Prepaid items	-	-	-	24,610
Total current assets	<u>120,921,403</u>	<u>76,494,808</u>	<u>197,416,211</u>	<u>1,831,269</u>
Non-Current Assets:				
Net pension asset	4,639,093	629,184	5,268,277	23,768
Non-depreciable capital assets	21,340,788	18,947,394	40,288,182	-
Depreciable capital assets, net	106,783,874	351,036,153	457,820,027	23,732,721
Total capital assets	<u>128,124,662</u>	<u>369,983,547</u>	<u>498,108,209</u>	<u>23,732,721</u>
Total non-current assets	<u>132,763,755</u>	<u>370,612,731</u>	<u>503,376,486</u>	<u>23,756,489</u>
Total assets	<u>253,685,158</u>	<u>447,107,539</u>	<u>700,792,697</u>	<u>25,587,758</u>
Deferred Outflows of Resources:	<u>3,049,430</u>	<u>\$ 4,409,428</u>	<u>\$ 7,458,858</u>	<u>\$ 25,196</u>
Liabilities:				
Current Liabilities:				
Accounts payable and other liabilities	\$ 8,146,109	\$ 2,076,327	\$ 10,222,436	\$ 264,163
Prepaid fees	-	1,491,634	1,491,634	-
Accrued interest payable	746,489	922,679	1,669,168	-
Current maturities of long-term debt	12,077,010	10,734,658	22,811,668	68,390
Due to other governments	-	-	-	141,802
Payable From Restricted Assets:	-	1,631,703	1,631,703	-
Customer Deposits	-	1,631,703	1,631,703	-
Total current liabilities	<u>20,969,608</u>	<u>16,857,001</u>	<u>37,826,609</u>	<u>474,355</u>
Noncurrent Liabilities:				
Compensated absences	3,212,900	470,961	3,683,861	-
Law enforcement pension obligation	1,679,408	-	1,679,408	-
Other post employment benefits	34,034,616	4,807,555	38,842,171	-
Long-term debt	89,746,746	143,545,279	233,292,025	140,590
Total noncurrent liabilities	<u>128,673,670</u>	<u>148,823,795</u>	<u>277,497,465</u>	<u>140,590</u>
Total liabilities	<u>149,643,278</u>	<u>165,680,796</u>	<u>315,324,074</u>	<u>614,945</u>
Deferred Inflows of Resources:	<u>10,249,191</u>	<u>1,533,474</u>	<u>11,782,665</u>	<u>58,410</u>
Net Position:				
Net investment in capital assets	94,573,843	229,251,045	323,824,888	23,534,921
Restricted for Stabilization by State Statute	9,824,399	-	9,824,399	430,236
Restricted for Public Housing	2,676	-	2,676	-
Restricted for Human Services Health Program	2,630,992	-	2,630,992	-
Restricted for Public Safety	506,750	-	506,750	-
Restricted for Register of Deeds	792,778	-	792,778	-
Restricted for Tourism Promotion	-	-	-	269,356
Unrestricted	(11,489,319)	55,051,652	43,562,333	705,086
Total net position	<u>\$ 96,842,119</u>	<u>\$ 284,302,697</u>	<u>\$ 381,144,816</u>	<u>\$ 24,939,599</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General government	\$ 11,457,688	\$ 1,532,631	\$ 2,383,738	\$ -
Public safety	38,962,019	9,956,633	4,522,352	28,309
Central services	15,525,612	-	221,081	-
Human services	28,935,510	2,467,380	16,639,756	-
Transportation	471,838	-	169,157	619,861
Environmental protection	14,029,464	2,869,355	7,212	-
Cultural and recreation	3,937,844	279,147	131,776	-
Economic and physical development	9,799,191	1,036,255	2,212,062	-
Education	44,955,498	-	-	1,043,025
Interest on long-term debt	3,487,733	-	-	-
Total governmental activities	<u>171,562,397</u>	<u>18,141,401</u>	<u>26,287,134</u>	<u>1,691,195</u>
Business-type Activities:				
Water	17,679,797	21,246,815	-	888,007
Wastewater	19,163,000	21,887,017	-	554,683
Total business-type activities	<u>36,842,797</u>	<u>43,133,832</u>	<u>-</u>	<u>1,442,690</u>
Total primary government	<u>\$ 208,405,194</u>	<u>\$ 61,275,233</u>	<u>\$ 26,287,134</u>	<u>\$ 3,133,885</u>
Discretely presented component units	<u>\$ 4,583,961</u>	<u>\$ 3,103,691</u>	<u>\$ -</u>	<u>\$ 138,500</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Function/Programs	Net (Expense) Revenue and Changes in Net Position			Component Units
	Primary Government			
	Governmental Activities	Business-type Activities	Total	
Primary Government:				
Government Activities:				
General government	\$ (7,541,319)	\$ -	\$ (7,541,319)	
Public safety	(24,454,725)	-	(24,454,725)	
Central services	(15,304,531)	-	(15,304,531)	
Human services	(9,828,374)	-	(9,828,374)	
Transportation	317,180	-	317,180	
Environmental protection	(11,152,897)	-	(11,152,897)	
Cultural and recreation	(3,526,921)	-	(3,526,921)	
Economic and physical development	(6,550,874)	-	(6,550,874)	
Education	(43,912,473)	-	(43,912,473)	
Interest on long-term debt	(3,487,733)	-	(3,487,733)	
Total governmental activities	<u>(125,442,667)</u>	<u>-</u>	<u>(125,442,667)</u>	
Business-type Activities:				
Water	-	4,455,025	4,455,025	
Wastewater	-	3,278,700	3,278,700	
Total business-type activities	<u>-</u>	<u>7,733,725</u>	<u>7,733,725</u>	
Total primary government	<u>(125,442,667)</u>	<u>7,733,725</u>	<u>(117,708,942)</u>	
Discretely presented component units				<u>\$ (1,341,770)</u>
General Revenues:				
Ad valorem taxes	111,847,084	-	111,847,084	-
Local option sales taxes	19,698,311	-	19,698,311	-
Deed stamp excise and other taxes	4,088,743	-	4,088,743	1,174,046
Investment earnings	120,072	53,888	173,960	1,023
Total general revenues	<u>135,754,210</u>	<u>53,888</u>	<u>135,808,098</u>	<u>1,175,069</u>
Change in net position	<u>10,311,543</u>	<u>7,787,613</u>	<u>18,099,156</u>	<u>(166,701)</u>
Net position, beginning of year	91,598,617	277,350,435	368,949,052	25,139,574
Restatement	<u>(5,068,041)</u>	<u>(835,351)</u>	<u>(5,903,392)</u>	<u>(33,274)</u>
Net position, beginning, as restated	<u>86,530,576</u>	<u>276,515,084</u>	<u>363,045,660</u>	<u>25,106,300</u>
Net position, end of year	<u>\$ 96,842,119</u>	<u>\$ 284,302,697</u>	<u>\$ 381,144,816</u>	<u>\$ 24,939,599</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Major Funds</u>				
	<u>General</u>	<u>County Capital Project</u>	<u>Education Capital Project</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents/investments	\$ 64,281,257	\$12,594,793	\$ 9,497,644	\$ 1,876,749	\$ 88,250,443
Restricted cash and investments	218,566	-	10,987,621	-	11,206,187
Interest receivable	56,189	10,945	5,552	1,450	74,136
Taxes receivable - net	6,005,261	-	-	-	6,005,261
Receivables - net	3,123,182	-	-	-	3,123,182
Other governmental agencies	6,462,638	422,339	5,307	616,163	7,506,447
Due from other funds	-	-	804,577	-	804,577
Total assets	<u>\$ 80,147,093</u>	<u>\$13,028,077</u>	<u>\$21,300,701</u>	<u>\$ 2,494,362</u>	<u>\$ 116,970,233</u>
Liabilities:					
Accounts payable and other liabilities	\$ 4,441,199	\$ 677,002	\$ 314,207	\$ 560,882	\$ 5,993,290
Due to other funds	804,577	-	-	-	804,577
Total liabilities	<u>5,245,776</u>	<u>677,002</u>	<u>314,207</u>	<u>560,882</u>	<u>6,797,867</u>
Deferred Inflows of Resources:	<u>6,525,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,525,569</u>
Fund Balances:					
Restricted:					
Stabilization by State Statute	9,206,786	-	-	617,613	9,824,399
Restricted - other	2,633,668	-	10,987,621	1,299,528	14,920,817
Committed	214,566	12,351,075	9,998,873	-	22,564,514
Assigned	1,900,526	-	-	16,339	1,916,865
Unassigned	54,420,202	-	-	-	54,420,202
Total fund balances	<u>68,375,748</u>	<u>12,351,075</u>	<u>20,986,494</u>	<u>1,933,480</u>	<u>103,646,797</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 80,147,093</u>	<u>\$13,028,077</u>	<u>\$21,300,701</u>	<u>\$ 2,494,362</u>	<u>116,970,233</u>
Reconciliation of Fund Balance as Reported in the Balance Sheet - Governmental Funds with Net Position - Governmental Activities:					
Fund balance as reported in the balance sheet - governmental funds					103,646,797
Amounts reported for governmental activities in the statement of net position are different because:					
Change in internal service net position, attributed to governmental activities					(1,151,834)
Consolidation of internal service fund					3,754,762
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds					128,124,662
Net pension asset					4,639,093
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position					3,049,430
Accrual of interest payable for debt does not require the use of current financial resources and, therefore, is not reported in the funds					(746,489)
Other assets are not available to pay for current period expenditures and, therefore, are deferred inflows					6,440,486
Pension related deferrals					(10,164,108)
Long-term liabilities, including interest and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds					<u>(140,750,680)</u>
Net position reported as governmental activities					<u>\$ 96,842,119</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>County Capital Project</u>	<u>Education Capital Project</u>	<u>Non Major Governmental Funds</u>	
Revenues:					
Ad valorem taxes	\$ 113,180,642	\$ -	\$ -	\$ -	\$ 113,180,642
Local option sales taxes	19,698,311	-	-	-	19,698,311
Other taxes and licenses	4,088,743	-	-	-	4,088,743
Unrestricted intergovernmental revenues	2,944,878	-	-	-	2,944,878
Restricted intergovernmental revenues	20,361,829	619,861	1,043,025	3,186,764	25,211,479
Permits and fees	3,624,692	-	-	134,139	3,758,831
Sales and services	9,953,877	-	-	-	9,953,877
Investment earnings	86,976	16,384	9,612	2,402	115,374
Other	2,399,840	2,000	-	282,586	2,684,426
Total revenues	<u>176,339,788</u>	<u>638,245</u>	<u>1,052,637</u>	<u>3,605,891</u>	<u>181,636,561</u>
Expenditures:					
Current:					
General government	10,347,566	-	-	114,689	10,462,255
Public safety	35,899,987	36,521	-	3,231,226	39,167,734
Central services	12,534,486	-	-	-	12,534,486
Human services	28,229,950	-	-	-	28,229,950
Transportation	327,320	144,518	-	-	471,838
Environmental protection	13,839,188	-	-	-	13,839,188
Culture and recreation	7,456,999	4,935,913	-	-	12,392,912
Economic and physical development	5,874,615	2,219,413	-	474,956	8,568,984
Education	37,784,270	-	7,139,137	-	44,923,407
Debt Service:					
Principal retirement	10,440,000	-	-	-	10,440,000
Interest and fiscal charges	3,489,128	-	-	-	3,489,128
Total expenditures	<u>166,223,509</u>	<u>7,336,365</u>	<u>7,139,137</u>	<u>3,820,871</u>	<u>184,519,882</u>
Revenues over (under) expenditures	<u>10,116,279</u>	<u>(6,698,120)</u>	<u>(6,086,500)</u>	<u>(214,980)</u>	<u>(2,883,321)</u>
Other Financing Sources (Uses):					
Payment to escrow agent for refunded deb	(4,670,000)	-	-	-	(4,670,000)
Transfers from other funds	101,682	3,500,000	4,720,425	28,004	8,350,111
Transfers to other funds	(8,248,429)	(88,000)	-	(13,682)	(8,350,111)
Premiums on bonds issued	157,137	-	1,398,460	-	1,555,597
Refunding bonds issued	4,620,000	-	10,515,000	-	15,135,000
Total other financing sources (uses)	<u>(8,039,610)</u>	<u>3,412,000</u>	<u>16,633,885</u>	<u>14,322</u>	<u>12,020,597</u>
Net change in fund balance	2,076,669	(3,286,120)	10,547,385	(200,658)	9,137,276
Fund balance, beginning of year	66,299,079	15,637,195	10,439,109	2,134,138	94,509,521
Fund balance, end of year	<u>\$ 68,375,748</u>	<u>\$12,351,075</u>	<u>\$20,986,494</u>	<u>\$ 1,933,480</u>	<u>\$ 103,646,797</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds (Exhibit D) \$ 9,137,276

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 60 days of year end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(1,333,558)
Emergency services revenues	(34,857)
Grant receivable	-
Public Health revenues	(28,206)

Expenses related to other post-employment benefits, compensated absences, law enforcement officers separation allowance, and pension expense that do not require current financial resources are not reported as expenditures in the governmental fund statement. (5,193,264)

Capital outlays are reported as expenditures in the governmental fund statement. However, in the statement of activities, capital outlay is not an expense, rather it is an increase in capital assets. 14,446,478

Contributions to the pension plan in the current fiscal year are not included on the St. of Activities 3,049,430

The sale of capital assets is reported as a revenue in the governmental fund statements without subtracting the net book value of the capital assets sold. (6,518)

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental fund statements. (6,439,200)

Amortization of bond premium. 50,675

Unamortized outflow of resources related to refunding of debt. (656,634)

Principal repayments are reported as expenditures in the governmental fund statement. However, in the statement of activities, these transactions are not an expense, rather they are a decrease in liabilities. 15,110,000

Change in closure/post closure liability estimate. Expenses are reported as incurred in the funds. 50,957

Change in interest payable for governmental activity long-term debt. Interest expense is recorded as incurred in the fund statements. 1,395

Change in internal service net position, attributed to governmental activities (1,151,834)

Proceeds from issuance of debt are reported as revenues in the governmental fund statement. However, in the statement of activities, it is not a revenue, rather it is an increase in liabilities. (16,690,597)

Change in net position of governmental activities per Exhibit B \$ 10,311,543

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 107,983,984	\$ 109,537,946	\$ 113,180,642	\$ 3,642,696
Local option sales taxes	18,525,188	18,603,667	19,698,311	1,094,644
Other taxes and licenses	3,495,000	4,022,760	4,088,743	65,983
Unrestricted intergovernmental revenues	1,118,000	2,803,845	2,944,878	141,033
Restricted intergovernmental revenues	16,692,856	19,608,287	20,361,829	753,542
Permits and fees	2,999,533	3,427,630	3,624,692	197,062
Sales and services	9,459,142	9,364,840	9,953,877	589,037
Investment earnings	85,000	85,000	86,976	1,976
Other	1,019,780	1,188,521	2,399,840	1,211,319
Total revenues	<u>161,378,483</u>	<u>168,642,496</u>	<u>176,339,788</u>	<u>7,697,292</u>
Expenditures:				
Current:				
General government	10,720,557	11,272,965	10,347,566	925,399
Central services	13,333,230	14,652,291	12,534,486	2,117,805
Public safety	34,631,154	36,751,513	35,899,987	851,526
Transportation	158,163	382,729	327,320	55,409
Environmental protection	13,861,171	13,989,087	13,839,188	149,899
Economic and physical development	5,633,152	6,173,381	5,874,615	298,766
Human services	26,843,104	29,709,996	28,229,950	1,480,046
Education	37,784,270	37,784,270	37,784,270	-
Culture and recreation	4,099,590	7,751,624	7,456,999	294,625
Debt Service:				
Principal retirement	10,440,001	10,440,000	10,440,000	-
Interest and fiscal charges	3,404,527	3,511,664	3,489,128	22,536
Total expenditures	<u>160,908,919</u>	<u>172,419,520</u>	<u>166,223,509</u>	<u>6,196,011</u>
Revenues over (under) expenditures	<u>469,564</u>	<u>(3,777,024)</u>	<u>10,116,279</u>	<u>13,893,303</u>
Other Financing Sources (Uses):				
Refunding bonds issued	-	4,620,000	4,620,000	-
Refunded bond escrow agent	-	(4,670,000)	(4,670,000)	-
Premiums on bonds	-	157,137	157,137	-
Transfers from other funds	-	101,682	101,682	-
Transfers to other funds	(3,837,984)	(8,248,429)	(8,248,429)	-
Contingency	(400,000)	-	-	-
Appropriated fund balance	3,768,420	11,816,634	-	(11,816,634)
Total other financing sources (uses)	<u>(469,564)</u>	<u>3,777,024</u>	<u>(8,039,610)</u>	<u>(11,816,634)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>2,076,669</u>	<u>\$ 2,076,669</u>
Fund balance, beginning of year			<u>66,299,079</u>	
Fund balance, end of year			<u>\$ 68,375,748</u>	

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF FUND NET POSITION- PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Assets:				
Current Assets:				
Cash and cash equivalents/investments	\$ 27,207,508	\$ 20,923,198	\$ 48,130,706	\$ 4,552,379
Restricted cash and investments	10,900,504	2,691,235	13,591,739	-
Interest receivable	20,424	13,593	34,017	3,068
Receivables and special assessments, net	2,622,156	9,138,725	11,760,881	200,300
Other governmental agencies	485,437	225,589	711,026	-
Inventories	2,061,679	204,760	2,266,439	-
Total current assets	<u>43,297,708</u>	<u>33,197,100</u>	<u>76,494,808</u>	<u>4,755,747</u>
Non-Current Assets:				
Net pension asset	398,393	230,791	629,184	-
Non-depreciable capital assets	12,870,077	6,077,317	18,947,394	-
Depreciable capital assets, net	129,704,847	221,331,306	351,036,153	-
Total capital assets	<u>142,574,924</u>	<u>227,408,623</u>	<u>369,983,547</u>	<u>-</u>
Total non-current assets	<u>142,973,317</u>	<u>227,639,414</u>	<u>370,612,731</u>	<u>-</u>
Total assets	<u>186,271,025</u>	<u>260,836,514</u>	<u>447,107,539</u>	<u>4,755,747</u>
Deferred Outflows of Resources:	<u>283,292</u>	<u>4,126,136</u>	<u>4,409,428</u>	<u>-</u>
Liabilities:				
Current Liabilities:				
Accounts payable and accrued liabilities	1,200,761	875,566	2,076,327	2,152,819
Prepaid fees	-	1,491,634	1,491,634	-
Accrued interest payable	144,711	777,968	922,679	-
Current portion of debt	1,184,680	9,549,978	10,734,658	-
Payable From Restricted Assets:				
Customer Deposits	1,631,703	-	1,631,703	-
Total current liabilities	<u>4,161,855</u>	<u>12,695,146</u>	<u>16,857,001</u>	<u>2,152,819</u>
Noncurrent Liabilities:				
Compensated absences	319,838	151,123	470,961	-
Other post employment benefits	3,291,187	1,516,368	4,807,555	-
Long-term debt	26,018,296	117,526,983	143,545,279	-
Total noncurrent liabilities	<u>29,629,321</u>	<u>119,194,474</u>	<u>148,823,795</u>	<u>-</u>
Total liabilities	<u>33,791,176</u>	<u>131,889,620</u>	<u>165,680,796</u>	<u>2,152,819</u>
Deferred Inflows of Resources:	<u>970,981</u>	<u>562,493</u>	<u>1,533,474</u>	<u>-</u>
Net Position:				
Net investment in capital assets	128,241,873	101,009,172	229,251,045	-
Unrestricted	23,550,287	31,501,365	55,051,652	2,602,928
Total net position	<u>\$ 151,792,160</u>	<u>\$ 132,510,537</u>	<u>\$ 284,302,697</u>	<u>\$ 2,602,928</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities			
	Enterprise Funds			Internal Services
	Water	Wastewater	Total	
Operating Revenues:				
User charges	\$ 20,520,042	\$ 21,191,266	\$ 41,711,308	\$ 13,770,561
Assessments	-	230,257	230,257	-
Intergovernmental revenue	297,931	392,237	690,168	-
Other	428,842	73,257	502,099	-
Total operating revenues	<u>21,246,815</u>	<u>21,887,017</u>	<u>43,133,832</u>	<u>13,770,561</u>
Operating Expenses:				
Salaries and employee benefits	5,906,801	3,171,776	9,078,577	-
Operating expenses	5,449,316	3,049,563	8,498,879	14,927,093
Repairs and maintenance	871,271	1,288,782	2,160,053	-
Depreciation and amortization	4,498,946	6,431,933	10,930,879	-
Total operating expenses	<u>16,726,334</u>	<u>13,942,054</u>	<u>30,668,388</u>	<u>14,927,093</u>
Operating income (loss)	<u>4,520,481</u>	<u>7,944,963</u>	<u>12,465,444</u>	<u>(1,156,532)</u>
Non-operating Revenues (Expenses):				
Investment earnings	32,060	21,828	53,888	4,698
Interest expense	(953,463)	(5,220,946)	(6,174,409)	-
Total nonoperating revenues (expenses)	<u>(921,403)</u>	<u>(5,199,118)</u>	<u>(6,120,521)</u>	<u>4,698</u>
Income before capital contributions	3,599,078	2,745,845	6,344,923	(1,151,834)
Dedicated service lines	<u>888,007</u>	<u>554,683</u>	<u>1,442,690</u>	<u>-</u>
Increase (decrease) in net position	4,487,085	3,300,528	7,787,613	(1,151,834)
Net position, beginning of year	<u>147,834,011</u>	<u>129,516,424</u>	<u>277,350,435</u>	<u>3,754,762</u>
Restatement	<u>(528,936)</u>	<u>(306,415)</u>	<u>(835,351)</u>	<u>-</u>
Net position, beginning of year, restated	<u>147,305,075</u>	<u>129,210,009</u>	<u>276,515,084</u>	<u>3,754,762</u>
Net position, end of year	<u>\$ 151,792,160</u>	<u>\$ 132,510,537</u>	<u>\$ 284,302,697</u>	<u>\$ 2,602,928</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities			Internal Services
	Enterprise Funds			
	Water	Wastewater	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$21,591,643	23,700,775	\$ 45,292,418	\$ 13,770,561
Payments to suppliers for goods and services	(6,782,309)	(4,016,902)	(10,799,211)	(13,802,466)
Payments to or on behalf of employees	(5,709,248)	(3,070,001)	(8,779,249)	-
Net cash provided by (used in) operating activities	<u>9,100,086</u>	<u>16,613,872</u>	<u>25,713,958</u>	<u>(31,905)</u>
Net Cash From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(9,289,576)	(5,028,579)	(14,318,155)	-
Interest paid	(1,024,502)	(9,578,847)	(10,603,349)	-
Proceeds from issuance of long-term debt	20,410,367	46,069,633	66,480,000	-
Premium	2,010,009	6,575,134	8,585,143	-
Retirement of long-term debt	(11,625,000)	(44,340,000)	(55,965,000)	-
Principal payments on long-term debt	(910,009)	(8,987,043)	(9,897,052)	-
Net cash provided (used) in capital and related financing activities	<u>(428,711)</u>	<u>(15,289,702)</u>	<u>(15,718,413)</u>	<u>-</u>
Cash Flows From Investing Activities:				
Interest on investments	<u>17,374</u>	<u>11,884</u>	<u>29,258</u>	<u>2,527</u>
Net increase (decrease) in cash and cash equivalents	8,688,749	1,336,054	10,024,803	(29,378)
Cash and cash equivalents, beginning of year	<u>29,419,263</u>	<u>22,278,379</u>	<u>51,697,642</u>	<u>4,581,757</u>
Cash and cash equivalents, end of year	<u>\$38,108,012</u>	<u>\$ 23,614,433</u>	<u>\$ 61,722,445</u>	<u>\$ 4,552,379</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 4,520,481	7,944,963	\$ 12,465,444	\$ (1,156,532)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	4,498,946	6,431,933	10,930,879	-
Loss on disposal of capital assets	(1,565)	(18,316)	(19,881)	-
Pension expense	43,652	25,287	68,939	-
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	257,001	2,000,211	2,257,212	-
(Increase) decrease in sales tax refund receivable	(28,535)	21,027	(7,508)	-
(Increase) decrease in inventories	(695,033)	83,671	(611,362)	-
Increase (decrease) in accounts payable/accrued expense:	700,604	475,661	1,176,265	1,124,627
(Increase) decrease in deferred outflows of resources for pensions	(283,292)	(164,112)	(447,404)	-
Increase (decrease) in unearned revenue	-	(186,453)	(186,453)	-
Increase (decrease) in customer deposits	<u>87,827</u>	<u>-</u>	<u>87,827</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 9,100,086</u>	<u>\$ 16,613,872</u>	<u>\$ 25,713,958</u>	<u>\$ (31,905)</u>
Supplemental Disclosures of Noncash Transactions				
Dedicated service lines	<u>\$ 888,007</u>	<u>\$ 554,683</u>	<u>\$ 1,442,690</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2015**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents/investments	\$ 1,262,454
Interest receivable	1,396
Taxes receivable	21,645
Due from other governments	<u>63,292</u>
Total assets	<u>\$ 1,348,787</u>
Liabilities:	
Due to other governmental agencies	\$ 1,276,502
Other	<u>72,285</u>
Total liabilities	<u>\$ 1,348,787</u>

The accompanying notes are an integral part of the financial statements.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. Description of the Unit

A. Reporting Entity

Brunswick County is one of 21 coastal counties in North Carolina. A political subdivision of the State, it is one of 100 counties established under General Statute 153A-10. The County, which has a population of approximately 121,581, operates under a Commissioner-Manager form of government.

The County is responsible for and maintains services inherent to the operation of a County government including general government, public safety, human services, education, environmental protection, cultural and recreational, economic and physical development and debt service. The County also operates a water and wastewater utility system.

B. Component Units

As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Discretely presented component units are reported in a separate column in the County's government-wide financial statements in order to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Brunswick County Board of Alcoholic Control

The County appoints all of the members of the governing board of the Brunswick County Board of Alcoholic Control ("ABC Board"). In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the County. The ABC Board, which has a June 30 year-end, is presented as a proprietary fund.

Complete financial statements for the Brunswick County ABC Board may be obtained at their administrative offices at 2567 Holden Beach Road, SW, Supply, North Carolina 28462.

Brunswick County Economic Development Commission

The Brunswick County Economic Development Commission ("EDC") operates within the County's geographical boundaries and exists for the benefit of its residents. All of the members of the EDC governing board are appointed by the County and can be removed without cause. The County funds the annual budget of the Commission and employs the staff. The EDC, which has a June 30 year-end, has two funds - a governmental fund type and a proprietary fund type.

The EDC's financial statements include its blended component unit, the Brunswick County Economic Development Corporation, which is a non-profit organization, established to acquire, improve and convey property. Appropriations for the EDC totaled \$419,740 for the fiscal year ended June 30, 2015.

Complete financial statements for the Brunswick County Economic Development Commission may be obtained at the administrative offices at P.O. Box 249, Government Complex, Bolivia, North Carolina 28422. See Note 17 regarding Economic Development Commission subsequent events.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Brunswick County Tourism Development Authority

The County, in conjunction with the Southport-Oak Island Chamber of Commerce and the South Brunswick Islands Chamber of Commerce, established the Brunswick County Tourism Development Authority (“TDA”). The County appoints five members of the TDA’s ten member governing board. The other five members are nominated jointly by the two chamber of commerce organizations and then appointed by the County. The TDA, which provides a financial benefit to the County, was established to receive the proceeds of the room occupancy tax levied pursuant to Session Law 1997-364. The TDA is authorized to spend these proceeds to promote travel, tourism and conventions within the County. The TDA, which has a June 30 year-end, is presented as a governmental type fund.

Complete financial statements for the Brunswick County Tourism Development Authority may be obtained at their administrative offices at 101 Stone Chimney Rd SE, Supply, North Carolina 28462.

Brunswick County Airport Commission

The County participates in the Brunswick County Airport Commission (“Airport”) in conjunction with the municipalities adjoining the airport. The County appoints four members of the seven-member board. Appropriations to the Airport totaled \$97,000 for the fiscal year ended June 30, 2015. The Airport, which also has a June 30 year-end, is presented as a governmental type fund.

Complete financial statements for the Brunswick County Airport Commission may be obtained at their administrative offices at 380 Long Beach Road, Southport, North Carolina 28461.

Other Component Unit

Brunswick County Industrial Facility and Pollution Control Financing Authority

Brunswick County Industrial Facility and Pollution Control Financing Authority exist to issue revenue bond debt of private businesses for economic development purposes. A seven-member board, all of whom are appointed by the County, governs the Authority. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances and does not issue financial statements; therefore, it is not presented in the government-wide financial statements.

Brunswick County Leasing Corporation

The members of the Brunswick County Leasing Corporation’s (“Corporation”) governing board are appointed by the County and includes the County Manager. The Corporation exists to issue and service certificates of participation to finance the acquisition and construction of general government facilities, education facilities, and proprietary fund construction. The certificates of participation are accounted for in the applicable governmental activities, business type activities, or proprietary fund type statement of net position in the County’s financial statements. The Corporation has no financial transactions or account balances and does not issue financial statements; therefore, is not presented in the government-wide financial statements.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

C. Summary of Significant Account Policies

Basis of Reporting

The accounting policies of Brunswick County and its component units, as reflected in the financial statements for the year ended June 30, 2015, conform to generally accepted accounting principles applicable to governments.

Basis of Presentation – Government-wide and Fund Financial Statements

Government-wide Statements - The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include all of the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities except for interfund services provided and used which are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program or (c) capital grants and contributions which are program specific. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues including multipurpose grants that do not provide for specific identification of a program.

Fund Financial Statements - The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented even though the fiduciary funds are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

General Fund – This is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad Valorem taxes, sales taxes, and federal and State grants. The primary expenditures are for general government services, public safety, human services, central services, environmental protection and education.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Education Capital Project Fund – This fund is used to account for the additions and improvements to Brunswick County Public Schools and Brunswick Community College which are financed by transfers from the general fund, bond proceeds, and financing agreements.

County Capital Project Fund – This fund is used to account for the additions and improvements of major County facilities which are financed by transfers from the general fund, bond proceeds, and financing agreements.

The County reports the following major enterprise funds:

Water Fund – This fund is used to account for the County’s water operations. The Water Fund includes activity from the Water Capital Project Fund. The Water Capital Project Fund is used to account for additions and improvements of major water enterprise facilities which are financed by transfers from the water fund, bond proceeds, and financing agreements.

Wastewater Fund – This fund is used to account for the County’s wastewater operations. The Wastewater Fund includes activity from the Wastewater Capital Project Fund. The Wastewater Capital Project fund is used to account for additions and improvements of major wastewater facilities which are financed by transfers from the wastewater fund, bond proceeds, and financing agreements.

The County reports the following internal service funds:

Workers’ Compensation Internal Service Fund – This fund is used to account for risk management operations of the County for the financing of workers’ compensation self-insurance costs incurred.

Health Insurance Internal Service Fund – This fund is used to account for health operations of the County for the financing of employees’ medical and dental costs incurred.

Agency Funds - These funds are custodial in nature (assets equal liabilities) and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others.

The County maintains five Agency Funds: the Social Services Fund which accounts for monies deposited with the Social Services Department for the benefit of certain individuals; the Smithville Township Fund which accounts for the Township hospital district ad Valorem taxes collected, payment of bond debt service and payments to Doshier Hospital; the Intergovernmental Collections Fund which accounts for the proceeds of the motor vehicle and other ad Valorem taxes that are collected by the County on behalf of the municipalities within the County, fire fee collections remitted to district fire departments to furnish fire protection services in their district, and fines and forfeitures collected and remitted to Brunswick County Schools, but are not revenues to the County; the Sheriff Department Trust Fund which accounts for the proceeds of court ordered property sales necessary to satisfy a debt; and the Inmate Trust Fund which accounts for personal funds of the inmates in the detention center.

Non-Major Funds – The County maintains three legally budgeted funds. The Emergency Telephone System Fund, the Grant Project Fund, and the Register of Deeds-Technology Enhancement Fund are reported as non-major special revenue funds.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Measurement Focus and Basis of Accounting – In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Property tax revenue is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, donations and similar items is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, special assessments or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt; accrued compensated absences; pension benefit obligations; and accrued landfill closures and post closure costs which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County recognizes assets of non-exchange transactions in the period when the underlying transactions occur, when enforceable legal claim has arisen, or when all eligibility requirements are met. Revenues are recognized on the modified accrual basis of accounting when they are measurable and available. Non-exchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. State shared revenues, sales tax, property taxes, federal grants funding federal mandates, and most donations are examples of non-exchange transactions.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with the change in the law, the State of North Carolina is responsible for billing and collection the property taxes on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure driven grants are recognized as revenue if cash is received within 60 days of year-end.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, they are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General, the Special Revenue (excluding the grant projects) and the Enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds. All budgets are prepared using the modified accrual basis of accounting which is consistent with the accounting system used to record transactions. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Expenditures may not legally exceed appropriations at the departmental level for the General Fund, Special Revenue, Enterprise Funds, and Capital Projects Funds. The County budget officer is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change departmental appropriations by more than \$5,000 must be approved by the governing board. During the year, several amendments to the original budget were necessary. As a result, appropriated fund balance increased in the General Fund by \$8,048,214 which was largely the result of prior year commitments to the current fiscal year, the transfer of funds to the County Capital Reserve for designation in the Smithville Park, Holden Beach Park Land Purchase and C&D Landfill Closure.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Deposits and Investments

All deposits of the County, and each of its discretely presented component units, are made in board-designated official depositories and are secured as required by G.S. 159-31. Any bank or savings association whose principal office is located in North Carolina may be designated as an official depository. Also, the County and its discretely presented component units may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, and each of its discretely presented component units, to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC-registered (2a-7) money market mutual fund.

The investments of the County and its discretely presented component units that have a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized costs.

Cash and Cash Equivalents

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Cash and investments are essentially demand deposits and are considered cash and cash equivalents by the County.

Restricted Assets

The unexpended proceeds of general obligation bonds, revenue bonds and certificates of participation issued by the County are classified as restricted assets because their use is restricted to that purpose for which the bonds and certificates were originally issued. Funds in debt service accounts are classified as restricted assets because their use is restricted to future payments of principal and interest as designated by the trustee in the General Trust and Series Indentures. Housing Assistance Payments Net Restricted Assets held by the County are restricted by the U.S. Department of Housing and Urban Development. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The amount budgeted by the Board of Commissioners for revaluation included in the General Fund Balance-Committed is restricted assets per North Carolina General Statute 153A-150.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Brunswick County Restricted Cash			
Governmental Activities			
General Fund	Tax Revaluation	\$	214,566
	Section 8 Expenditures		2,676
	Reserve for Debt Service		1,324
Education Capital Project Fund	Unexpended Debt Proceeds		<u>10,987,621</u>
	Total Governmental Activities	\$	<u>11,206,187</u>
Business-Type Activities			
Water Fund	Unexpended Debt Proceeds	\$	8,883,169
	Reserve for Debt Service		385,632
	Customer Deposits		1,631,703
Sewer Fund	Unexpended Debt Proceeds		670,242
	Reserve for Debt Service		<u>2,020,993</u>
	Total Business-type Activities	\$	<u>13,591,739</u>
Total Restricted Cash		\$	<u><u>24,797,926</u></u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad Valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, penalties and interest do not accrue until the following January 6. The taxes are based on the assessed values as of January 1 (lien date).

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Due To/From Other Funds and Internal Balances

Amounts reported at June 30, 2015 as due to/from other funds, generally represent short-term advances between funds. Such amounts reported at year-end are not available for appropriation and are not an expendable available financial resource

Inventory

The inventories of the County, the ABC Board and the Airport Commission are valued at cost (first-in, first-out), which approximates market. The inventory of the County's Enterprise Funds as well as those of the ABC Board and Airport Commission consists of materials and supplies held for consumption. The cost of the inventory carried in the County's Enterprise Funds and that of the ABC Board and the Airport Commission is recorded as an expense as it is consumed.

Capital Assets

Capital assets, which include land, buildings, operating plants, land improvements, water tanks, water and wastewater lines, wells, taps, pumping stations, equipment and vehicles, are reported in the County's government-wide and proprietary financial statements. The County's capitalization threshold for capital outlay items is \$5,000.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Capital assets of the County are recorded at original cost at the time of acquisition. Certain items acquired before July 1, 1970 are recorded at an estimated original cost. Donated assets are recorded at their estimated fair value at the date of donation.

The County has elected not to capitalize interest costs which are incurred during the construction period of capital assets used in governmental funds. Any interest incurred during the construction phase of business type assets is reflected in the capitalized value of the asset constructed.

Capital assets are depreciated using the straight-line method over the assets' estimated useful lives. These assets are reported in the County's basic financial statements net of accumulated depreciation.

The estimated useful lives for the County's capital assets are as follows:

Building, Operating Plants and improvements	20-40 years
Enterprise Distribution and Collection Systems	40-60 years
Equipment and vehicles	4-15 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has deferred costs from the advanced refunding of debt, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has prepaid taxes, receivables and other pension related deferrals in the governmental funds and other pension related deferrals in the water and wastewater fund.

Long-Term Debt

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance cost, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

For governmental fund types, bond issuance costs, bond premiums and discounts, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The County's long-term debt for water and wastewater purposes is carried in the Water and Wastewater Funds. The debt service requirements for the water and wastewater debt are being met by water and wastewater revenues. However, the taxing power was pledged to make general obligation payments in the water fund if water revenues were not sufficient. At the end of the fiscal year, there was \$ 3,445,000 water general obligation debt outstanding.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance-This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance-This classification includes amounts from sources that are restricted to specific purposes externally imposed by creditors or imposed by law. Restricted fund balance is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Restricted for Stabilization of State Statute- portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].	<u>\$ 9,206,786</u>	<u>\$ -</u>	<u>\$ 617,613</u>	<u>\$ 9,824,399</u>
Restricted for Public Housing-portion of fund balance that is restricted by revenue source for section 8 expenditures.	\$ 2,676	\$ -	\$ -	\$ 2,676
Restricted for Human Services Health Program- portion of fund balance that is restricted by revenue source for health expenditures.	2,630,992	-	-	2,630,992
Restricted for Public Safety-portion of fund balance that is restricted by revenue source for E911 expenditures.	-	-	506,750	506,750
Restricted for Register of Deeds-portion of fund balance that is restricted by revenue source for technology for the Register of Deeds office.	-	-	792,778	792,778
Restricted for Education-portion of fund balance that is restricted by revenue source or unspent debt proceeds for Public School and Community College Capital needs.*	-	10,987,621	-	10,987,621
Total restricted fund balance (Exhibit C)	<u>\$ 2,633,668</u>	<u>\$ 10,987,621</u>	<u>\$ 1,299,528</u>	<u>\$ 14,920,817</u>

*Unspent debt proceeds are not included in net position for full accrual accounting and therefore will not be restricted on the Statement of Net Position (Exhibit A)

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Committed Fund Balance-portion of fund balance that can only be used for a specific purpose determined by a formal action of the governments highest level of decision making authority. The Brunswick County governing body is the highest level of decision making authority for the government that can by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. Committed fund balance is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Committed for General Government-portion of fund balance that can only be used for general government	\$ -	\$ 70,889	\$ -	\$ 70,889
Committed for General Government-portion of fund balance that is restricted for a legally budgeted Tax Revaluation	214,566	-	-	214,566
Committed for Public Safety-portion of fund balance that can only be used for environmental protection	-	415,333	-	415,333
Committed for Environmental Protection-portion of fund balance that can only be used for environmental protection	-	5,207,671	-	5,207,671
Committed for Economic Development-portion of fund balance that can only be used for economic development	-	1,678,647	-	1,678,647
Committed for Culture & Recreation-portion of fund balance that can only be used for culture and recreation	-	4,914,444	-	4,914,444
Committed for Transportation-portion of fund balance that can only be used for transportation	-	64,091	-	64,091
Committed for Education-portion of fund balance that can only be used for education	-	9,998,873	-	9,998,873
Total committed fund balance	<u>\$ 214,566</u>	<u>\$ 22,349,948</u>	<u>\$ -</u>	<u>\$ 22,564,514</u>

Assigned Fund Balance is the portion of fund balance that the Brunswick County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Director of Fiscal Operations, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance. Assigned Fund Balance-portion of fund balance that the Brunswick County management has budgeted or earmarked is summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.	<u>\$ 1,900,526</u>	<u>\$ -</u>	<u>\$ 16,339</u>	<u>\$ 1,916,865</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Unassigned Fund Balance-portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>
Unassigned portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds	<u>\$54,420,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,420,202</u>

Fund Balance Remaining for Appropriation-The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance-General Fund	\$68,375,748
Less:	
Stabilization by State Statute	(9,206,786)
Restricted	(2,633,668)
Committed	(214,566)
Assigned	<u>(1,900,526)</u>
Fund balance remaining	<u>\$54,420,202</u>

Brunswick County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-County funds and County funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County. The County has not adopted a formal fund balance policy.

Defined Benefit Pension Plans

The County participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

Inter-fund Transfers

The principal purpose for inter-fund transfers is to distribute local resources between funds. Typically, the General Fund provides the basis of local resources for other funds. These transactions are recorded as "Transfers - out" in the paying fund and "Transfers - in" in the receiving fund.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Other Resources

The County's General Fund also provides funds to the Economic Development Commission and the Airport Commission to fund their annual budgets. In addition, when profits are available, the ABC Board will make quarterly payments to the County's General Fund. These payments represent the County's portion of the ABC Board's surpluses which the ABC Board is required by State statute to distribute to the County.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. In the event of termination, an employee shall be paid for the annual leave balance to the date of separation. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. Compensated absences are reported in governmental funds only if matured.

The sick leave policy of the County provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts and depreciation lives.

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the County as of June 30, 2015 include the following:

	Reported at Fair Value
Cash on Hand	\$ 4,600
Deposits - NOW, SuperNOW, MMDA and Certificates of Deposit	151,185,264
Investments: North Carolina Capital Management Trust	<u>15,804,044</u>
Total	<u>\$ 166,993,908</u>

A. Deposits

All of the deposits of the County are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the depositor in the depositor's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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Since the State Treasurer is acting in a fiduciary capacity for the depositor, these deposits are considered to be held by their agents in each of the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County and its component units or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County and its component units under the Pooling Method, the potential exists for under collateralization and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2015 the deposits of the County had a reported value of \$151,185,264 and bank balances of \$151,443,727. Of the bank balances, \$25,546,312 was covered by federal depository insurance and \$125,897,415 was covered by collateral held under the Pooling Method. Cash on hand at June 30, 2015 was \$4,600.

B. Investments

As of June 30, 2015 the County had the following investments and maturities:

Investment Type	Fair Value	Less Than		
		6 Months	6 - 12 Months	1 - 3 Years
North Carolina Capital Management Trust:				
Cash Portfolio	\$ 12,425,937	n/a	n/a	n/a
Term Portfolio*	<u>3,378,107</u>	<u>3,378,107</u>	<u>n/a</u>	<u>n/a</u>
Total	<u>\$ 15,804,044</u>	<u>\$ 3,378,107</u>	<u>\$ -</u>	<u>\$ -</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.19 years, it was presented as an investment with a maturity of less than 6 months.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least 75% of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2015. The County's investment in the

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Custodial Credit Risk. The County’s formal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the Director of Finance.

Concentration of Credit Risk. The County places a limit of \$5 million on the amount that the County may invest in any one issue of commercial paper with a maximum of 25% of the portfolio allowable to be invested in commercial paper. County policy limits the initial investment in the NCCMT Term Portfolio to \$3 million.

The County allocates investment earnings to funds based on the balances outstanding at the end of the prior month.

3. Accounts Receivable

Disaggregate Information

Type of Receivable	Amount (Net of Allowance)		
	Governmental Activities	Business-Type Activities	Total
Customer Billings	\$ 1,258,552	\$ 3,971,583	\$ 5,230,135
Assessments	-	7,789,298	7,789,298
Deposits receivable	200,300	-	200,300
Miscellaneous	1,864,630	-	1,864,630
	<u>\$ 3,323,482</u>	<u>\$ 11,760,881</u>	<u>\$ 15,084,363</u>

The County’s accounts receivable as of June 30, 2015 are presented net of allowance for doubtful accounts as follows:

	Allowance for Doubtful Accounts		
	General Fund	Water Fund	Wastewater Fund
Taxes Receivable	\$ 6,704,102	\$ -	\$ -
EMS Fees	441,067	-	-
Health Fees	237,265	-	-
Assessments	-	-	200,000
User Charges	-	110,000	35,000
	<u>\$ 7,382,434</u>	<u>\$ 110,000</u>	<u>\$ 235,000</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Due from other governments owed to the County consists of the following:

	Governmental Activities	Business-Type Activities	Total
Local option sales tax	\$ 3,459,159	\$ -	\$ 3,459,159
Sales tax refunds	573,785	641,601	1,215,386
Due from federal government for grant assistance	209,186	-	209,186
Due from State of North Carolina for grant assistance	2,658,074	-	2,658,074
Emergency telephone system	606,243	-	606,243
Lower Cape Fear Water & Sewer Authority reimbursement	<u>-</u>	<u>69,425</u>	<u>69,425</u>
Total	<u>\$ 7,506,447</u>	<u>\$ 711,026</u>	<u>\$ 8,217,473</u>

Property Tax – Use Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,322,257	\$ 1,088,039	\$ 4,410,296
2012	3,337,234	792,593	4,129,827
2013	3,390,018	500,028	3,890,046
2014	<u>3,448,823</u>	<u>198,307</u>	<u>3,647,130</u>
Total	<u>\$ 13,498,332</u>	<u>\$ 2,578,967</u>	<u>\$ 16,077,299</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

4. Capital Assets

Governmental capital assets at June 30, 2015 are summarized as follows:

Depreciation was charged to functional expenses on the Statement of Activities as follow:

	<u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Non-Depreciable Assets:				
Land	\$ 12,731,432	\$ 3,598,915	\$ 31,318	\$ 16,299,029
Construction in Progress	<u>3,661,045</u>	<u>6,446,914</u>	<u>5,066,200</u>	<u>5,041,759</u>
Total non-depreciable assets	<u>16,392,477</u>	<u>10,045,829</u>	<u>5,097,518</u>	<u>21,340,788</u>
Depreciable Assets				
Buildings and improvements	136,212,882	7,897,143	-	144,110,025
Equipment and vehicles	<u>32,505,085</u>	<u>1,569,706</u>	<u>344,191</u>	<u>33,730,600</u>
Total depreciable assets	<u>168,717,967</u>	<u>9,466,849</u>	<u>344,191</u>	<u>177,840,625</u>
Less accumulated depreciation				
Buildings and improvements	38,912,562	4,196,801	-	43,109,363
Equipment and vehicles	<u>26,073,980</u>	<u>2,242,399</u>	<u>368,991</u>	<u>27,947,388</u>
Total accumulated depreciation	<u>64,986,542</u>	<u>6,439,200</u>	<u>368,991</u>	<u>71,056,751</u>
Total depreciable assets, net	<u>103,731,425</u>	<u>3,027,649</u>	<u>(24,800)</u>	<u>106,783,874</u>
Total Capital Assets	<u>\$ 120,123,902</u>	<u>\$ 13,073,478</u>	<u>\$ 5,072,718</u>	<u>\$ 128,124,662</u>

Depreciation was charged to functional expenses on the Statement of Activities as follows:

<u>Function</u>	<u>Depreciation Expense</u>
General government	\$ 706,385
Public safety	2,851,365
Central services	381,875
Human services	159,568
Environmental protection	226,051
Economic and physical development	101,414
Cultural and recreation	1,127,644
Education	<u>884,898</u>
Total	<u>\$ 6,439,200</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Enterprise fund capital assets at June 30, 2015 are summarized as follows:

Water Fund	June 30, 2014	Increases	Decreases	June 30, 2015
Non-Depreciable Assets:				
Land	\$ 760,138	\$ -	\$ -	\$ 760,138
Construction in Progress	14,509,298	6,663,554	9,062,913	12,109,939
Total non-depreciable assets	<u>15,269,436</u>	<u>6,663,554</u>	<u>9,062,913</u>	<u>12,870,077</u>
Depreciable Assets				
Operating Plants, buildings and improvements	34,779,008	-	5,301	34,773,707
Distribution system	128,918,402	10,317,334	63,041	139,172,695
Equipment and vehicles	15,146,455	2,259,608	-	17,406,063
Total depreciable assets	<u>178,843,865</u>	<u>12,576,942</u>	<u>68,342</u>	<u>191,352,465</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	17,702,914	857,320	10,619	18,549,615
Distribution system	33,673,567	2,642,880	59,288	36,257,159
Equipment and vehicles	5,781,633	1,059,211	-	6,840,844
Total accumulated depreciation	<u>57,158,114</u>	<u>4,559,411</u>	<u>69,907</u>	<u>61,647,618</u>
Total depreciable assets, net	<u>121,685,751</u>	<u>8,017,531</u>	<u>(1,565)</u>	<u>129,704,847</u>
Total capital Assets	<u>\$ 136,955,187</u>	<u>\$14,681,085</u>	<u>\$ 9,061,348</u>	<u>\$ 142,574,924</u>
Wastewater Fund	June 30, 2014	Increases	Decreases	June 30, 2015
Non-Depreciable Assets:				
Land	\$ 2,070,471	\$ -	\$ -	\$ 2,070,471
Construction in Progress	891,875	4,187,669	1,072,698	4,006,846
Total non-depreciable assets	<u>2,962,346</u>	<u>4,187,669</u>	<u>1,072,698</u>	<u>6,077,317</u>
Depreciable Assets				
Operating Plants, buildings and improvements	154,836,612	-	140,949	154,695,663
Collection system	100,925,455	2,367,334	-	103,292,789
Equipment and vehicles	2,405,593	100,957	-	2,506,550
Total depreciable assets	<u>258,167,660</u>	<u>2,468,291</u>	<u>140,949</u>	<u>260,495,002</u>
Less accumulated depreciation				
Operating Plants, buildings and improvements	22,305,248	4,347,151	159,265	26,493,134
Collection system	8,923,059	2,051,070	-	10,974,129
Equipment and vehicles	1,453,942	242,491	-	1,696,433
Total accumulated depreciation	<u>32,682,249</u>	<u>6,640,712</u>	<u>159,265</u>	<u>39,163,696</u>
Total depreciable assets, net	<u>225,485,411</u>	<u>(4,172,421)</u>	<u>(18,316)</u>	<u>221,331,306</u>
Total capital Assets	<u>\$ 228,447,757</u>	<u>\$ 15,248</u>	<u>\$ 1,054,382</u>	<u>\$ 227,408,623</u>
Total Enterprise Fund Assets, Net	<u>\$ 365,402,944</u>			<u>\$ 369,983,547</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

5. Accounts Payable and Inter-fund Balances

Accounts Payable Disaggregate Information

Type of Payable	Governmental Activities	Business-Type Activities	Total
Trade Payables	\$ 3,311,878	\$ 1,037,118	\$ 4,348,996
Construction Costs Payable	991,209	796,286	1,787,495
Accrued Salaries Fringe Benefits	1,601,439	180,610	1,782,049
Future claims for workers' compensation and employee health benefits	2,152,819	-	2,152,819
Other Payables	<u>88,764</u>	<u>62,313</u>	<u>151,077</u>
Total	<u>\$ 8,146,109</u>	<u>\$ 2,076,327</u>	<u>\$ 10,222,436</u>

Inter-fund Receivables / Payables

Inter-fund Balances as of June 30, 2015 are as follows:

Receivable Fund	Payable Fund		
	General	Non-Major Governmental	Total
General	\$ -	\$ -	\$ -
Education capital projects	<u>804,577</u>	-	<u>804,577</u>
Total	<u>\$ 804,577</u>	<u>\$ -</u>	<u>\$ 804,577</u>

\$804,577 represents amounts due to the Education Capital Project Fund from the General Fund for local option sales tax receivable at fiscal year-end.

Inter-fund Transfers

The County's General Fund transferred funds during fiscal year 2015 to fund County and education capital improvements, grant projects and reimbursement of expenditures in the Emergency Telephone System Fund. Amounts returned to the General Fund were for grant administration fees or unexpended capital project funds.

From:	To:	General Fund	County Capital Project Fund	Education Capital Project Fund	Non Major Governmental Fund	Total Governmental Funds
General	\$ -	\$ 3,500,000	\$ 4,720,425	\$ 28,004	\$ 8,248,429	
County Capital Projects	88,000	-	-	-	88,000	
Non Major Governmental	<u>13,682</u>	-	-	-	<u>13,682</u>	
Totals	<u>\$ 101,682</u>	<u>\$ 3,500,000</u>	<u>\$ 4,720,425</u>	<u>\$ 28,004</u>	<u>\$ 8,350,111</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

6. Deferred Outflows and Inflows of Resources

The balance in deferred outflows and inflows of resources at June 30, 2015 is composed of the following elements:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Advance payment on refunding debt	\$ 3,962,024	\$ -
Pensions - Difference between expected and actual experience		
LGERS	-	523,646
Register of Deeds	4,367	-
Pensions - net difference between projected and actual investment earnings	-	11,159,015
Pensions - Change in proportion and difference between employer contributions and proportionate share of contributions	191,879	14,921
County contributions subsequent to the measurement date	3,300,588	-
Prepaid Taxes, not yet earned (General Fund)	-	85,083
Taxes Receivable (General Fund)	-	6,005,261
EMS Receivable (General Fund)	-	205,831
Health Department Receivable (General Fund)	-	229,394
	<u>\$ 7,458,858</u>	<u>\$ 18,223,151</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

7. Long-Term Obligations

A. General Obligation Bonds

General obligation bonds issued to finance the construction of facilities utilized in the operations of the water system are reported as long-term debt in the Water Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Revenue bonds are collateralized by the rate setting authority of the Wastewater Fund. Principal and interest requirements are appropriated when due.

The County's General Obligation Bonds consisted of the following at June 30, 2015:

Original Issue		Payment Information		Outstanding Balance	
Date	Rate	Period	Amount	Governmental Activities	Business-Type Activities
General Obligation Bonds					
2007	4.00% - 5.00%	Annual	\$160,000 - \$280,000	\$ 560,000	\$ -
2007	4.00% - 5.00%	Annual	\$1,270,000 - \$2,260,000	6,770,000	-
2009	3.00% - 5.00%	Annual	\$60,000 - \$2,465,000	13,805,000	-
2012	3.00%	Annual	\$1,660,000 - \$2,750,000	13,045,000	-
2012	2.00% - 4.00%	Annual	\$30,000 - \$285,000	-	3,445,000
2013	0.33% - 4.00%	Annual	\$80,000 - \$3,475,000	16,435,000	-
Total General Obligation Bonds				50,615,000	3,445,000
Revenue Bonds					
2004	4.25%	Monthly	\$19,188 - \$50,143	-	4,577,778
2008	3.50% - 5.00%	Monthly	\$1,395,000 - \$3,630,000	-	5,730,000
2012	2.00% - 5.00%	Annual	\$80,000 - \$2,050,000	-	21,880,000
2015	2.00% - 5.00%	Annual	\$735,000 - \$4,575,000	-	66,480,000
Total Revenue Bonds				-	98,667,778
				\$ 50,615,000	\$ 102,112,778

The County issued General Obligation Bonds for which the County does not hold title to the capital assets. The bonds were issued for public school and community college construction and renovation projects. The amount of outstanding debt at June 30, 2015 for which the County held no collateral totaled \$48,665,549 and was comprised of the following issues: Series 2009 (2001) school refunding \$13,805,000, community college series 2007 \$6,770,000, series 2012 school refunding of 2003 and 2004 \$13,045,000 and series 2013A school and community college refunding \$15,045,549.

The County has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay \$39.7 million in water and wastewater system revenue bonds issued in 2004, \$52.8 million in wastewater system revenue bonds issued in 2008, \$14.75 million in wastewater Build America revenue bonds issued in 2009, \$25.81 million in water

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

and wastewater system revenue bond issued in 2010, \$23.15 million in wastewater 2004A refunding revenue bonds in 2012 and \$9.68 million series 2012B wastewater revenue bonds in 2012, and \$6.33 million in 2012C revenue bonds in 2012, and \$50.55 million in water and wastewater refunding revenue bonds series 2008A and 2010 RZEDB and \$15.93 million in water and wastewater revenue bonds in 2015. Proceeds from the bonds provided financing for the West Brunswick Regional Water Reclamation Plant Phases 1 and 2 and associated transmission lines, the Sea Trail Wastewater Treatment Plant, Northwest Water Plant expansion, Ocean Isle Beach Wastewater Treatment Plant improvements, Sunset Beach Wastewater Collection System and utility service lines. Annual principal and interest payments on the bonds are expected to require less than 10 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$167,734,617. Principal and interest paid for the current year and total operating revenues were \$16,141,466 and \$43,133,832, respectively.

The County issued combined system enterprise revenue bonds for water and wastewater system improvements pursuant to a General Trust Indenture dated May 1, 2004, as amended effective August 20, 2013, and a series indenture, Number 3, dated January 1, 2008 between the County and First-Citizens Bank & Trust Company, as trustee. The indentures authorize and secure all outstanding revenue bonds of the County's water and wastewater system and contain several financial and operating covenants governing such matters as rates, additional bonds, reserve funds, annual budgets, maintenance of the system and insurance. The County was in compliance with all such covenants during the fiscal year ended June 30, 2015.

The County has covenanted that it will maintain various debt service coverage ratios. The calculation for the various debt service coverage ratios for the year ended June 30, 2015 is as follows:

Operating revenues and investment earnings	\$ 45,932,582
Operating expense excluding OPEB (net of depreciation)	<u>19,068,756</u>
Net revenue available for debt service *	26,863,826
Add: 20% surplus account (expendable net position)	<u>9,800,603</u>
Adjusted net revenues	<u><u>\$ 36,664,429</u></u>
Senior debt service	\$ 13,446,225
Subordinate debt service	<u>2,695,241</u>
Total debt service	16,141,466
Add: 20% senior debt service	<u>2,689,245</u>
Adjusted debt service	<u><u>\$ 18,830,711</u></u>
Coverage Test 1	
Adjusted net revenues/adjusted debt service	<u><u>1.95</u></u>
Coverage Test 2	
Net revenues/total debt service	<u><u>1.66</u></u>

* In accordance with the rate covenants, assessment revenues of \$2,744,862 are used to offset the associated debt service. Certain agreements have allowed for the collection of these assessment revenues over a period of 10 years. Therefore, the amortized annual portion of these certain assessments are included in the calculation of net revenues and not the gross assessment in the year assessed.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

B. Limited Obligation Bonds

The County's Limited Obligation Bonds consisted of the following at June 30, 2015:

Issued	Payment Information			Balance		Purpose and Collateral
	Period	Amount	Rate	Governmental Activities	Governmental Activities	
2012	Annual	\$1,680,000 - \$2,110,000	2.00% - 5.00%	25,365,000		Refund 2004 LOBS; Law Enforcement Center Refund 2008 IP Schools
2015	Annual	\$520,000-\$1,485,000	2.00% - 5.00%	15,135,000		School Projects; Refund 2005B Schools
				<u>\$</u>	<u>40,500,000</u>	

C. Installment Purchases and State Revolving Fund Loans

The County's Installment Purchase notes payable consisted of the following at June 30, 2015:

Issued	Payment Information			Outstanding Balance		Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities	
2009	Annual	\$1,152,000 - \$1,846,000	5.38%	\$ -	\$ 9,757,000	Wastewater System
2010	Annual	\$70,000 - \$75,000	5.18%	350,000	-	Library
2010	Annual	\$100,000	0.00%	-	1,600,000	Wastewater System
2012	Annual	\$875,988 - \$1,065,008	2.18%	-	6,993,036	Wastewater System
2012	Annual	\$247,250 - \$687,250	1.840%	-	5,486,530	Wastewater System
				<u>\$</u>	<u>350,000</u>	
					<u>\$</u>	<u>23,836,566</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The County's State Revolving Fund Loans payable consisted of the following at June 30, 2015:

Issued	Payment Information			Outstanding Balance			Collateral
	Period	Amount	Rate	Governmental Activities	Business-Type Activities		
1997	Annual	\$75,160	3.04%	\$ -	\$ 225,480		Wastewater System
2003	Annual	\$375,000	2.55%	-	2,189,621		Wastewater System
2006	Annual	\$511,525 - \$790,275	2.21%	-	5,500,000		Wastewater System
2005	Annual	\$806,645 - \$1,220,552	2.21%	-	12,067,593		Wastewater System
				<u>\$ -</u>	<u>\$ 19,982,694</u>		
		Total Installment Purchase & SRF Loans		<u>\$ 350,000</u>	<u>\$ 43,819,260</u>		

D. Changes in Long-Term Debt

The following is a summary of changes in governmental long-term debt for the year ended June 30, 2015 for the County:

Governmental Activities	June 30, 2014	Additions	Retirements	June 30, 2015	Current Maturities
General obligation bonds	\$ 57,895,000	\$ -	\$ 7,280,000	\$ 50,615,000	\$ 7,800,000
Limited obligation bonds	33,120,000	15,135,000	7,755,000	40,500,000	3,600,000
Bond premiums	-	1,555,597	50,675	1,504,922	101,350
Installment purchases	425,000	-	75,000	350,000	70,000
Compensated absences	3,430,767	3,490,120	3,432,987	3,487,900	275,000
Net pension obligation (LGERS)	8,704,127	-	8,704,127	-	-
Net pension obligation (LEO)	1,452,923	226,485	-	1,679,408	-
Other post-employment benefits	29,581,944	4,452,672	-	34,034,616	-
Landfill closure & post-closure	8,629,791	-	50,957	8,578,834	230,660
Total	<u>\$ 143,239,552</u>	<u>\$ 24,859,874</u>	<u>\$ 27,348,746</u>	<u>\$ 140,750,680</u>	<u>\$ 12,077,010</u>

Note: The general fund is typically used to liquidate other long-term liabilities including OPEB liability, landfill closure and postclosure liability, and the compensated absences and pension liabilities recorded in the governmental funds. The total of other debt not issued for capital is \$47,780,758 which is comprised of compensated absences of \$3,487,900, pension benefit obligation of \$1,679,408, other post-employment benefits of \$34,034,616 and landfill closure and post-closure of \$8,578,834.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The following is a summary of changes in business-type long-term debt for the year ended June 30, 2015 for the County:

<u>Business-Type Activities</u>	<u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>	<u>Current</u>
					<u>Maturities</u>
Revenue bonds	\$ 93,122,808	\$ 66,480,000	\$ 60,935,030	\$ 98,667,778	\$ 5,107,025
Bond premiums	-	8,585,143	269,244	8,315,899	538,488
General obligation bonds	3,605,000	-	160,000	3,445,000	165,000
Installment purchases	26,794,524	-	2,957,958	23,836,566	3,061,908
State Revolving Fund Loans	21,791,758	-	1,809,064	19,982,694	1,830,237
Compensated absences	493,921	603,211	594,171	502,961	32,000
Net pension obligation (LGERS)	1,245,205	-	1,245,205	-	-
Other post-employment benefits	4,138,802	668,753	-	4,807,555	-
Total	<u>\$ 151,192,018</u>	<u>\$ 76,337,107</u>	<u>\$ 67,970,672</u>	<u>\$ 159,558,453</u>	<u>\$ 10,734,658</u>

The total of other debt not issued for capital is \$5,310,516 which is comprised of compensated absences of \$502,961 and other post-employment benefits of \$4,807,555.

The LGERS plan had a net position asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

E. Maturities of Long-Term Debt

The annual requirements to retire all debt outstanding, other than compensated absences, pension benefit obligation, and landfill closure costs, at June 30, 2015, including interest, are as follows:

Governmental Activities

	<u>General Obligation Bonds</u>		<u>Limited Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 7,800,000	\$ 1,803,988	\$ 3,600,000	\$ 1,583,753
2017	7,675,000	1,559,707	3,550,000	1,440,394
2018	7,615,000	1,270,074	3,525,000	1,317,494
2019	7,515,000	1,008,365	3,485,000	1,191,794
2020	7,445,000	757,125	3,445,000	1,064,994
2021-2025	12,565,000	751,550	12,570,000	3,524,619
2026-2030	-	-	7,705,000	1,214,000
2031-2035	-	-	2,620,000	260,788
Totals	<u>\$ 50,615,000</u>	<u>\$ 7,150,809</u>	<u>\$ 40,500,000</u>	<u>\$ 11,597,836</u>

	<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 70,000	\$ 18,130
2017	70,000	14,504
2018	70,000	10,878
2019	70,000	7,252
2020	70,000	3,626
Totals	<u>\$ 350,000</u>	<u>\$ 54,390</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Business-Type Activities

	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 165,000	\$ 129,875	\$ 5,107,025	\$ 3,945,362
2017	170,000	125,900	5,445,762	4,236,819
2018	175,000	120,150	5,614,324	4,058,357
2019	180,000	115,450	5,759,014	3,837,517
2020	185,000	108,650	6,019,359	3,578,622
2021-2025	1,035,000	438,550	30,417,294	13,530,556
2026-2030	1,250,000	216,250	28,285,000	6,346,156
2031-2035	285,000	11,750	7,335,000	1,615,463
2036-2040	-	-	4,685,000	576,600
Totals	<u>\$ 3,445,000</u>	<u>\$ 1,266,575</u>	<u>\$98,667,778</u>	<u>\$41,725,452</u>

	<u>State Revolving Loans</u>		<u>Installment Purchases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,830,237	\$ 450,044	\$ 3,061,908	\$ 772,972
2017	1,851,876	408,119	3,168,028	664,856
2018	1,873,993	365,717	3,281,378	552,031
2019	1,821,437	322,828	3,399,898	434,179
2020	1,844,540	281,721	3,522,668	311,059
2021-2025	9,040,059	780,751	6,802,686	245,779
2026-2030	1,720,552	37,938	500,000	-
2031-2035	-	-	100,000	-
Totals	<u>\$19,982,694</u>	<u>\$ 2,647,118</u>	<u>\$23,836,566</u>	<u>\$ 2,980,876</u>

F. Net Investment in Capital Assets

The total Net Investment in Capital Assets at June 30, 2015 is composed of the following elements:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Total capital assets (net of depreciation)	\$ 128,124,662	\$ 369,983,547	\$ 498,108,209
Total debt, gross	140,750,680	159,558,453	300,309,133
Less:			
Capital related deferred outflows of resources	-	3,962,024	3,962,024
Education debt for which the County does not hold title	48,665,549	-	48,665,549
Other debt not issued for capital	47,780,758	5,310,516	53,091,274
Unexpended proceeds*	10,753,554	9,553,411	20,306,965
Total capital debt	<u>33,550,819</u>	<u>140,732,502</u>	<u>174,283,321</u>
Net Investment in Capital Assets	<u>\$ 94,573,843</u>	<u>\$ 229,251,045</u>	<u>\$ 323,824,888</u>

*Unexpended debt proceeds related to education debt in the amount of \$234,067 is not included in the calculation of governmental Net Investment in Capital Assets

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

G. Other Debt Disclosures

At June 30, 2015, the County had a legal debt margin of \$1.93 billion.

Advanced Refundings

On April 18, 2013, the County issued \$12,680,000 series 2013A general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$14,890,792 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2013. The reacquisition price was higher than the net carrying amount of the old debt by \$20,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next nine years by \$487,338 in a net economic gain of \$443,414. At June 30, 2015, \$9,020,000 of defeased bonds remain outstanding.

On April 18, 2013, the County issued \$3,940,000 series 2013B general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$3,976,500 of general obligation bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2013. The reacquisition price was higher than the net carrying amount of the old debt by \$325,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next five years by \$89,871 in a net economic gain of \$84,160. At June 30, 2015, \$1,390,000 of defeased bonds remain outstanding.

On May 27, 2015, the County issued \$35,050,000 series 2015 enterprise revenue advance refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of providing general resources for all future debt service payments of \$41,370,594 of enterprise revenue bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2015. The reacquisition price was higher than the net carrying amount of the old debt by \$3,962,024. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The advance refunding was undertaken to reduce total debt service payments over the next sixteen years by \$1,888,294 in a net economic gain of \$1,463,364. At June 30, 2015, \$36,140,000 of defeased bonds remain outstanding.

Current Refundings

On April 29, 2015, the County issued \$4,620,000 series 2015B limited obligation refunding bonds to refund current debt service payments of \$4,765,697 of certificates of participation. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2015. The reacquisition price was lower than the net carrying

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

amount of the old debt by \$50,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is same as the life of the new issue. The refunding was undertaken to reduce total debt service payments over the next five years by \$301,704 in a net economic gain of \$281,224.

On May 27, 2015, the County issued \$15,500,000 series 2015 enterprise revenue refunding bonds to refund current debt service payments of \$20,026,847 of enterprise revenue bonds. As a result, the refunded bonds are considered to be defeased. The liabilities for the debt were removed from the governmental activities column of the statement of net position in the fiscal year ending June 30, 2015. The reacquisition price was lower than the net carrying amount of the old debt by \$4,325,000. The amount was netted against the net debt and amortized over the life of the refunded debt, which is two years more than the life of the new issue. The refunding was undertaken to reduce total debt service payments over the next fifteen years by \$958,000 in a net economic gain of \$781,841.

Debt Related to Capital Activities

Of the total Governmental Activities debt listed only \$44,304,373 relates to assets the County hold title. Unspent restricted cash related to this debt amounts to \$10,753,554.

8. Conduit Debt Obligations

Brunswick County Industrial Facility and Pollution Control Authority issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2015, there are no industrial revenue bonds outstanding.

9. Pension Plan and Other Postemployment Obligations

A. Local Governmental Employees' Retirement System

Plan Description

The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic postretirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions.

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,283,781 for the year ended June 30, 2015.

Refunds of Contributions

County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$5,268,277 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .813%, which was an increase of .023% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$348,545. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 523,646
Net difference between projected and actual investment earnings	-	11,156,453
Change in proportion and difference between employer contributions and proportionate share of contributions	191,879	-
County contributions subsequent to the measurement date	<u>3,283,781</u>	<u>-</u>
	<u>\$ 3,475,660</u>	<u>\$ 11,680,099</u>

\$3,283,781 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	(2,872,263)
2017	(2,872,263)
2018	(2,872,263)
2019	(2,871,431)
2020	-
Thereafter	-

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(6.25%)	(7.25%)	(8.25%)
	<hr/>	<hr/>	<hr/>
County's proportionate share of the net pension liability (asset)	\$ 16,267,264	\$ (4,792,336)	\$ (22,523,841)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

B. Law Enforcement Officers' Special Separation Allowance

Plan Description

The County administers a public employee retirement system (the "Separation Allowance"); a single-employer, defined benefit pension plan that provides retirement benefits to the County's sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the covered employee for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan member	<u>164</u>
Total	<u><u>167</u></u>

Summary of Significant Accounting Policies

Basis of Accounting

The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members

Method Used to Value Investments

No funds are set aside to pay future benefits and administration costs. These expenditures are paid as they come due.

Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

COUNTY OF BRUNSWICK, NORTH CAROLINA

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The annual required contribution for the current year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-retirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

Annual Pension Costs and Net Pension Obligation

The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 323,764
Interest on net pension obligation	72,646
Adjustment to annual required contribution	<u>(122,736)</u>
Annual pension cost	273,674
Contributions made	<u>(47,189)</u>
Increase in net pension, obligation	226,485
Net pension obligation, beginning of year	<u>1,452,923</u>
Net pension obligation, end of year	<u><u>\$ 1,679,408</u></u>

Funded Status and Funding Progress

Three Year Trend Information

Fiscal Year Ended	Annual		Net Pension Obligation
	Pension Cost (APC)	% of APC Contributed	
2013	\$ 217,280	15.86%	\$ 1,298,804
2014	203,289	24.19%	1,452,923
2015	273,674	17.24%	1,679,408

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,120,795. The covered payroll (annual payroll of active employees covered by the plan) was \$8,760,114, and the ratio of the UAAL to the covered payroll was 24.21%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description

The County contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy

Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$595,405 which consisted of \$440,897 from the County and \$154,508 from the law enforcement officers.

D. Deferred Compensation Plans

The County also offers, to employees not engaged in law enforcement, a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). Employee participation is discretionary and is limited to the amount allowable under the Internal Revenue Code. For each qualified employee, the County contributes 5% of the employee’s pretax annual compensation to the plan. Contributions for the year ended June 30, 2015 were \$2,684,735 which consisted of \$1,858,663 from the County and \$826,072 from the employees.

E. Registers of Deeds’ Supplemental Pension Fund

Plan Description

Brunswick County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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Benefits Provided

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

Contributions

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$16,807 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the County reported an asset of \$475,938 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 2.099%, which was an increase of 0.101% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$18,880. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,367	\$ -
Net difference between projected and actual investment earnings	-	2,562
Change in proportion and difference between employer contributions and proportionate share of contributions	-	14,921
County contributions subsequent to the measurement date	16,807	-
	<u>\$ 21,174</u>	<u>\$ 17,483</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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\$16,807 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	(5,439)
2017	(5,439)
2018	(1,600)
2019	(638)
2020	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate

The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension asset to changes in the discount rate

The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<u>1% Decrease</u> <u>(4.75%)</u>	<u>Discount Rate</u> <u>(5.75%)</u>	<u>1% Increase</u> <u>(6.75%)</u>
County's proportionate share of the net pension liability (asset)	\$ (427,360)	\$ (475,927)	\$ (517,670)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

F. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (“Death Benefit Plan”), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s 12 highest month’s salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

For the fiscal year ended June 30, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
Less than 10	1	2014
10 – 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Brunswick County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

G. Other Post-Employment Benefits – Health Care Benefits

Plan Description

In addition to providing pension benefits, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). As of January 1, 2012, this plan provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System), the North Carolina Law Enforcement Officers' Retirement System or are in disability retirement or have at least ten years of creditable service with the County. Retirees hired prior to January 1, 2012 receive the same benefits as active employees after a minimum of five years of creditable service with the County. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County pays the full cost of coverage for these benefits. . Employees hired on or after January 1, 2012 with a minimum of 10 years of service also have the option of purchasing, net of a County contribution, coverage for themselves at the County's group rate. The County's contribution is dependent on the employee's number of years of creditable service. The Board of County Commissioners may amend the benefit provisions. A separate report was not issued for either plan.

County Contributions based on Years of Creditable Service		
<u>Years of Creditable Service</u>	<u>Date Hired</u>	
	<u>Pre-January 1, 2012</u>	<u>On or after January 1, 2012</u>
Less than 10 years	0%	0%
10-14	100%	50%
15-24	100%	75%
25+	100%	100%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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Membership of the plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	Firefighters
Retirees and dependents receiving benefits	240	n/a	n/a
Active plan members	678	158	74
Total	<u>918</u>	<u>158</u>	<u>74</u>

Funding Policy

The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The County has chosen to fund the health care benefits on a pay-as-you-go basis.

The current Annual Required Contribution rate is 16.18% of annual covered payroll. For the current fiscal year, the County contributed \$1,766,715 or 3.84% of annual covered payroll for retiree health premiums. The County is self-insured for pre-65 retirees and fully insured through a private Medicare and prescription supplement insurer for those retirees age 65 and above. There were no contributions made by retired employees, except for pre-65 retirees electing dependent coverage in the amount of \$105,630. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual Other Post-Employment Benefits (OPEB) Cost and Net Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 6,827,861
Interest on net pension obligation	1,348,830
Adjustment to annual required contribution	<u>(1,288,551)</u>
Annual pension cost	6,888,140
Contributions made	<u>(1,766,715)</u>
Increase in net pension, obligation	5,121,425
Net pension obligation, beginning of year	<u>33,720,746</u>
Net pension obligation, end of year	<u>\$ 38,842,171</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
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The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

Three Year Trend Information			
Fiscal Year	Annual OPEB	Percentage of	
		Annual OPEB	Net OPEB
Ended	Cost	Cost Contributed	Obligation
2013	\$ 6,669,935	18.2%	\$ 28,368,079
2014	6,679,704	19.9%	33,720,746
2015	6,888,140	25.6%	38,842,171

Fund Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$78,248,387. The covered payroll (annual payroll of active employees covered by the plan) was \$44,278,610, and the ratio of the UAAL to the covered payroll was 176.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and health care trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about the actuarial value of plan assets and the actuarially accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-Medicare medical cost trend increase of 7.50 to 5.00 percent annually and an annual post-Medicare medical cost trend increase of 5.50 to 5.00 percent annually. The rate included a 3.0 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

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**NOTES TO FINANCIAL STATEMENTS
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10. Landfill Closure and Post-closure Costs

Federal and State laws and regulations provide the closure and post closure care requirements of the County's landfills. Although closure and post-closure care costs will be paid only near or after the date that the C&D debris landfill stops accepting waste or certain portions obtain the final height, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date.

Municipal Solid Waste Landfill

The County operated a municipal solid waste landfill until December 1997 when it stopped accepting waste at the site. As required by federal and State laws and regulations, the County placed a final cover on this landfill in 1998 and is performing certain maintenance and monitoring functions at the site for thirty years after closure.

Construction and Demolition Debris Landfill

The County operates a multi-phase construction and demolition debris landfill. The North Carolina Department of Environment and Natural Resources ("NCDENR") has issued permits for 6 separate phases with a permit that extends to March 28, 2019. The final phases of the landfill, Phases 6A, 6B, and 6C, were permitted for 588,000 CY. It is estimated that approximately 80% of Phase 6 has been used. The total permitted capacity of the C&D debris landfill is 1,146,000 cubic yards (CY). As of June 30, 2015, the volume utilized has not exceeded the permitted capacity.

Using the results of the annual survey it is estimated that approximately 133,000 cubic yards of useable airspace remain in the C&D debris landfill. The tonnage of C&D debris received at the landfill during FY 2014-2015 increased approximately 20% from FY 2013-2014. The tonnage of C&D debris disposed in the landfill during FY 2014-2015 decreased approximately 4% from FY 2013-2014. The increase in C&D debris received represents an increase for the third consecutive year, although the County continues to divert a portion of the C&D debris waste stream through the MSW Transfer Station. The County diverted approximately 49% more C&D debris during FY 2014-2015 than in FY 2013-2014. This is likely attributed to operational changes and hours that C&D debris is diverted through the MSW Transfer Station. It is anticipated that the life of the C&D debris landfill will extend to at least FY 2017-2018 based on a tonnage of 25,000 tons/year, a flat growth rate, and no diversion of C&D debris.

On July 16, 2007 the County entered into an agreement for temporary hauling and disposal of C&D debris outside the County and began a sorting and recycling program as means to extend the life of the existing landfill.

Closure and Post-closure Care Cost

The closure and post-closure care liability is computed based on the cumulative, estimated capacity of the landfill utilized as of June 30, 2015 which is 80%. It is estimated that closure of the C&D debris landfill will not occur until sometime around 2017. The MSW landfill was closed in 1997. At June 30, 2015, the post-closure care cost for the MSW landfill is expected to be approximately \$107,000 annually. The post-closure care cost for the C&D debris landfill is expected to be approximately \$110,000 annually after closure. At June 30, 2015, the combined closure and post-closure care costs for both landfills are expected to total \$8,578,834 based on an escalation factor of 2%. Of that amount, \$8,578,834 has been accrued at June 30, 2015 and is included in the Long-Term Debt reported on the statement of net position.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County has elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. A reserve for landfill closure and post-closure care costs is included in the County Capital Project Fund in the amount of \$5,207,671. The County expects to budget annual transfers from the General Fund to the County Capital Reserve Fund based on the projected cost of closure and post-closure care costs. Future inflation costs are expected to be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate, additional costs may be covered by future user charges or tax revenues.

11. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through the pool, the County obtains property coverage equal to replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices and law enforcement liability coverage of \$2 million per occurrence, auto physical damage for owned autos at actual cash value, and crime coverage of \$250,000 per occurrence. All property coverage and some liability coverages are subject to per occurrence deductibles, as selected by the County.

The Pool is audited annually by certified public accountants, and audited financial statements are available to the County upon request. The Pool is reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000. Up to \$2 million limit for liability coverage. Through the captive, the Liability and Property Pool is reinsured for \$2 million of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

The County has chosen not to purchase flood insurance based on a determination that the assets located in flood prone areas consist mainly of underground utility piping and pump stations designed for the environment. There were no significant changes to the insurance coverage from the previous year and settled claims have not exceeded limits in any line of coverage with the Pool during the past five fiscal years.

Commercial coverage for risks associated with emergency services provided by the County is carried by VFIS of North Carolina, Inc. Brokered with Coastal Insurance, there have been no significant changes in coverage and settled claims have not exceeded limits during the past five fiscal years.

Worker's compensation insurance is self-funded by the County with retention of \$600,000 per occurrence for law enforcement and 500,000 per occurrence for all other employees. Specific excess and aggregate coverage up to the statutory limits is brokered through Wells Fargo Insurance Services with Safety National Casualty Corporation. The County contracts with a third party administrator to adjudicate claims and manage cost containment of medical billing.

The County is self-funded for employee health insurance and contracted with Blue Cross and Blue Shield as a third party administrator to adjudicate claims and manage cost containment. To safeguard against catastrophic claims, the County has specific stop-loss coverage that occurs after \$150,000 in claims per member. The specific stop loss is brokered through Blue Cross and Blue Shield.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

The Director of Fiscal Operations, Tax administrator, Sheriff and Register of Deeds are each individually bonded for \$250,000, \$500,000, \$25,000 and \$10,000 respectively. In accordance with G.S. 159-29, the County adopted a system of \$250,000 blanket faithful performance bonding as an alternative to individual bonds for all other employees that have access to funds.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's.)

Changes in the balances in claims for workers' compensation insurance during the last fiscal year are as follows:

	Workers' Compensation	
	2014	2015
Unpaid claims, beginning	\$ 185,488	\$ 228,715
Incurred claims	602,895	2,062,002
Claim payments	<u>(559,668)</u>	<u>(1,346,100)</u>
Unpaid claims, ending	<u>\$ 228,715</u>	<u>\$ 944,617</u>

Changes in the balances in claims for employee and dependent health insurance during the last fiscal year are as follows:

	Employee Health	
	2014	2015
Unpaid claims, beginning	\$ 711,758	\$ 787,841
Incurred claims	9,978,342	12,550,579
Claim payments	<u>(9,902,259)</u>	<u>(12,130,221)</u>
Unpaid claims, ending	<u>\$ 787,841</u>	<u>\$ 1,208,199</u>

The County carries commercial coverage for all other risks of loss, including property and liability for emergency service vehicles. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

12. Claims and Judgments

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

13. Joint Ventures

Brunswick County Community College

The County in conjunction with the State of North Carolina and the Brunswick County Board of Education participates in a joint venture to operate the Brunswick County Community College ("Community College"). Each of the three participants appoints four members of the thirteen-member board of trustees of the Community College. The president of the Community College's student government serves as an ex officio nonvoting member of the Community College's board of trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

some financial support for the Community College's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. As of June 30, 2015, the amount of general obligation bonds issued for this purpose that was still outstanding was \$18,035,549. The County made total debt service payments related to the bonds of \$2,700,944 during the fiscal year. Of that total, \$1,897,255 was for principal and \$803,689 was for interest. In addition, the County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$3,749,447 to the Community College for operating purposes during the fiscal year ended June 30, 2015.

The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2015. Complete financial statements for the Brunswick County Community College may be obtained from the Community College's administrative offices at U.S. Hwy. 17 N., Supply, North Carolina.

Trillium Health Resources

The County participates with 24 other counties in Eastern North Carolina in a joint venture to operate the Trillium Health Resources ("Center"), which is located in New Hanover County. The Trillium Health Resources Board is a political subdivision of the State of North Carolina. Brunswick County contributed \$707,375 for operating purposes during the year ended June 30, 2015. In addition, the County makes available to the Center operating facilities for which no rent is charged. The participating counties do not have any equity interest in the joint venture. Complete financial statements for Trillium Health Resources may be obtained from the Center's administrative offices at Wilmington, North Carolina.

14. Jointly Governed Organizations

Cape Fear Council of Governments

The County, in conjunction with three other counties and forty-one municipalities, established the Cape Fear Council of Governments ("Council"). The participating governments established the Council to coordinate certain funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$30,242 to the Council during the fiscal year ended June 30, 2015.

Lower Cape Fear Water and Sewer Authority

The County, in conjunction with four other counties and one municipality, established the Lower Cape Fear Water and Sewer Authority ("Authority"). The Authority operates a 45 mgd raw water system, consisting of a raw water intake located above Lock & Dam #1, Cape Fear River, a 45 mgd pump station and 13 miles of operating raw water main. The County appoints 4 members of the Authority's 13 member Board. The Authority supplies raw water under contracts at a rate that is periodically reset to reflect the Authority's cost of production. The Authority also receives an availability charge from a municipality until the municipality needs the raw water supply. The cost of the raw water acquired by Brunswick County from the Authority for the year ended June 30, 2015 was \$1,124,417.

In addition, the Authority made payments to the County during the fiscal year totaling \$240,734 pursuant to a maintenance contract.

COUNTY OF BRUNSWICK, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Northeast Brunswick Water Reclamation Facility

The Facility is owned, operated and maintained by the County. The Town of Leland, Town of Navassa, H2GO, City of Northwest, and the County have entered into wastewater service agreements for a portion of the treatment capacity in the plant. The County has recently completed an expansion of the plant of 825,000 gpd to bring capacity to 2.475 mgd due to increased needs of the participants costing \$13.2 million. Expansion costs to date are \$13.2 million. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County's share of capacity and related debt service is funded by the retail revenue of the County's customers. The participant capacity service fees are combined with the County's retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and break-even basis. The agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

West Brunswick Regional Water Reclamation Facility

The Facility, which began operations in March of 2006 is owned, operated and maintained by the County. As part of the West Brunswick Regional Area, in 2007 the Shallotte Water Reclamation Facility was acquired from the Town of Shallotte through a Sewer Service Agreement. The Shallotte Facility has a permitted treatment capacity of 0.500 mgd and effluent from the facility is sprayed on a 200 acre site adjacent to the plant. The Facility serves the Town of Shallotte. The County completed construction of the expansion of the West Brunswick Regional Water Reclamation Facility Phase 2 in January 2010 which increased the plant capacity from 3 mgd to 6 mgd and provided a transmission line to serve the Town of Oak Island. The total cost of the expanded facilities for both phases was \$114.4 million. The sources of funding are revenue bonds, construction grants and loans funds, and grants. Each participant is charged capacity service fees based on their share of the capacity in the plant. The County's share of capacity and related debt service is funded by the retail revenue of the County's customers. The participant capacity service fees are combined with the County's retail revenue to service the debt associated with the plant. Participants are also charged treatment service fees based on the metered flow they send to the plant. The participant fees and the costs allocation to the County for their customer flow are combined so that the operating and maintenance costs of the plant are recovered by County retail revenues and participant service fees on a proportional and breakeven basis. The County also constructed a Southwest force main and pump station designed to transmit flow from County retail sewer customers located in Southwest Brunswick County. The Southwest sewer force Main and Pump station was funded by revenue bonds. The revenue bonds will be serviced by County retail wastewater revenues. The wastewater service agreement and policies and regulations provide for an oversight committee to make budget and operating recommendations to the County Commissioners.

Ocean Isle Beach Water Reclamation Facility

The Facility was acquired from the Town of Ocean Isle Beach in 2012 through a Sewer Service Agreement. The Facility has a permitted treatment capacity of 1.05 mgd and effluent from the facility is sprayed on a 320 acre site adjacent to the plant. The Facility serves the Town of Ocean Isle Beach and the nearby portion of the County Sewer Service Area including Ocean Isle Palms and Ocean Ridge. The County recently completed a pump station and 14" sewer force main that will allow the transfer of wastewater from the Ocean Isle Beach WWTP to the West Brunswick Water Reclamation Facility.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

15. Benefit Payments issued by the State

Certain amounts were paid directly to individual recipients by the State from Federal and State monies. County personnel are involved with certain functions, primarily eligibility determination, that cause benefit payments to be issued by the State. This additional aid to County recipients does not appear in the basic financial statements because it does not represent revenues and expenditures of the County.

16. Commitments and Contingencies

Unemployment Benefits

The County has elected to pay the direct cost of employment security benefits in lieu of employment security taxes on the payroll. A liability for benefit payments could accrue in the year following discharge of employees.

Construction Commitments

The County had commitments, as shown below, for construction contracts outstanding at June 30, 2015. The projects are accounted for in the Government Capital Projects fund and Enterprise Capital Project Funds and are mainly funded by debt proceeds:

Project	Balance of Contracts
Waccamaw Elementary School Addition	\$ 4,618,706
North Brunswick High Addition	5,296,112
Waccamaw Parks Improvements	16,348
FY 14 Top 6 Water Mains	618,103
OIB Wastewater Plant Improvements	220,765
Total	<u>\$ 10,770,034</u>

Grants

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. At June 30, 2015, the County believes that any required refunds would be immaterial and therefore no provision has been made in the accompanying financial statements for the refund of grant money received.

17. Subsequent Events

On July 20, 2015, the Economic Development Commission ceased operations in order to create efficiencies and avoid the duplication of services provided by the County's Economic Development Department and transferred all assets and liabilities to the County.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

18. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$5,068,041 and \$835,351, respectively.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by the Governmental Accounting Standards Board

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officer's Special Separation Allowance
- Schedule of Funding Progress for the Other Post Employment Benefits
- Schedule of Employer Contributions for the Other Post Employment Benefits
- Notes to the Required Schedules for the Other Post Employment Benefits
- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Local Government Employee's Retirement System
- Schedule of County Contributions for the Local Government Employee's Retirement System
- Schedule of Proportionate Share of Net Pension Liability (Asset) for the Register of Deeds Supplemental Pension Fund
- Schedule of County Contributions for the Register of Deeds Supplemental Pension Fund

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COUNTY OF BRUNSWICK, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Liability (AAL) - Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
12/30/2014	\$ -	\$ 2,120,795	\$ 2,120,795	0.00%	\$ 8,760,114	24.21%
12/30/2013	-	1,979,238	1,979,238	0.00%	8,514,062	23.25%
12/31/2012	-	1,713,666	1,713,666	0.00%	7,141,765	23.99%
12/31/2011	-	1,635,125	1,635,125	0.00%	7,029,630	23.26%
12/31/2010	-	1,495,262	1,495,262	0.00%	6,654,662	22.47%
12/31/2009	-	1,518,510	1,518,510	0.00%	6,481,914	23.43%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed By Employer	Percentage of ARC Contributed
2015	\$ 323,764	\$ 47,189	14.58%
2014	\$ 244,166	\$ 49,170	20.14%
2013	230,929	34,467	14.93%
2012	209,294	46,713	22.32%
2011	214,384	40,458	18.87%
2010	161,165	43,098	26.74%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2014	
Actuarial cost method	Projected unit credit	
Amortization method	Level dollar closed	
Remaining amortization period	16 years	
Asset valuation method	Market value	
Actuarial Assumptions:		
Investment rate of return *	5.00%	* Includes inflation at 3.0%
Projected salary increases *	4.25-7.85%	
Cost of living adjustments	N/A	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**OTHER POST EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets A	Actuarial Accrued Liability (AAL) -Projected Unit Credit B	Unfunded AAL (UAAL) B - A	Funded Ratio A / B	Covered Payroll C	UAAL as a Percentage Covered Payroll (B - A) / C
12/31/2014	-	\$ 78,248,387	\$ 78,248,387	0.00%	\$ 44,278,610	176.7%
12/31/2012	-	66,633,440	66,633,440	0.00%	40,456,870	164.7%
12/31/2010	-	62,955,399	62,955,399	0.00%	43,062,825	146.2%
12/31/2008	-	51,697,990	51,697,990	0.00%	33,371,151	154.9%
12/31/2006	-	49,458,857	49,458,857	0.00%	24,093,567	205.3%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Amount Contributed	Percentage of ARC Contributed
2015	\$ 6,827,861	\$ 1,766,715	25.9%
2014	6,628,993	1,327,037	20.0%
2013	6,628,993	1,205,552	18.2%
2012	5,859,894	1,222,794	20.9%
2011	5,859,894	1,319,804	22.5%
2010	5,648,091	996,890	17.7%

Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest valuation follows:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.50%-5.00%
Post-Medicare trend rate	5.50%-5.00%
Year of ultimate trend rate	2020

*Includes inflation at 3.00%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM
LAST TWO FISCAL YEARS***

	<u>2015</u>	<u>2014</u>
County of Brunswick's proportion of the net pension liability (asset) (%)	0.81261%	0.79000%
County of Brunswick's proportion of the net pension liability (asset) (\$)	\$ (4,792,336)	\$ 9,522,534
County of Brunswick's covered-employee payroll	\$ 44,833,198	\$ 40,073,387
County of Brunswick's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.69%)	23.76%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,283,781	\$ 3,175,088
Contributions in relation to the contractually required contribution	<u>3,283,781</u>	<u>3,175,088</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County of Brunswick's covered-employee payroll	\$ 46,166,707	\$ 44,833,198
Contributions as a percentage of covered-employee payroll	7.11%	7.08%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND
LAST TWO FISCAL YEARS***

	<u>2015</u>	<u>2014</u>
County of Brunswick's proportion of the net pension liability (asset) (%)	2.09940%	1.99812%
County of Brunswick's proportion of the net pension liability (asset) (\$)	\$ (475,927)	\$ (426,798)
County of Brunswick's covered-employee payroll	\$ 81,101	\$ 79,254
County of Brunswick's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(5 86.83%)	(5 38.52%)
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COUNTY OF BRUNSWICK'S CONTRIBUTIONS
REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 16,807	\$ 17,144
Contributions in relation to the contractually required contribution	<u>16,807</u>	<u>17,144</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
County of Brunswick's covered-employee payroll	\$ 83,940	\$ 81,101
Contributions as a percentage of covered-employee payroll	20.02%	21.14%

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND - This fund is the principal fund of the County and is used to account for the receipt and expenditure of resources that are traditionally associated with local government and that are not required to be accounted for in other funds.

COUNTY CAPITAL PROJECTS FUND - This fund is used to account for additions and improvements of major county facilities which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

EDUCATION CAPITAL PROJECTS FUND - This fund is used to account for the additions and improvements to Brunswick County Public Schools and Brunswick Community College which are financed by transfers from the general fund and capital reserve funds, bond proceeds, and financing agreements.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Revenues:				
Ad Valorem Taxes:				
Current year taxes		\$ 107,604,727		\$ 106,495,697
Prior year taxes		4,406,880		5,183,642
Penalties and interest		1,169,035		1,320,047
	<u>\$ 109,537,946</u>	<u>113,180,642</u>	<u>\$ 3,642,696</u>	<u>112,999,386</u>
Local Option Sales Taxes:				
Article 39 and 44 (1%)		8,260,987		7,547,126
Article 40 (1/2%)		5,898,786		5,274,487
Article 42 (1/2%)		5,538,538		5,010,418
	<u>18,603,667</u>	<u>19,698,311</u>	<u>1,094,644</u>	<u>17,832,031</u>
Other Taxes and Licenses:				
Scrap tire disposal fee		161,351		155,729
Deed stamp excise tax		2,634,061		2,224,696
Solid waste tax		46,868		40,119
White goods disposal tax		37,040		38,696
1% Occupancy Tax		1,209,423		1,307,052
	<u>4,022,760</u>	<u>4,088,743</u>	<u>65,983</u>	<u>3,766,292</u>
Unrestricted Intergovernmental:				
Medicaid hold harmless		2,360,272		759,953
Beer and wine tax		287,908		258,749
Jail fees		296,698		210,447
	<u>2,803,845</u>	<u>2,944,878</u>	<u>141,033</u>	<u>1,229,149</u>
Restricted Intergovernmental:				
State and federal grant		20,162,646		18,399,838
ARRA federal grant		9,188		10,728
Court facility fees		154,399		145,386
Payments in lieu of taxes		3,536		-
ABC education requirement		7,212		7,062
ABC law enforcement services		5,151		4,870
State drug tax		19,697		24,636
	<u>19,608,287</u>	<u>20,361,829</u>	<u>753,542</u>	<u>18,592,520</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Permits and Fees:				
Building permits		1,863,824		1,306,960
Recording Fees		684,107		702,243
Inspection fees		6,740		154,873
Concealed handgun permit		135,405		151,215
Other permit and fees		934,616		992,812
	<u>3,427,630</u>	<u>3,624,692</u>	<u>197,062</u>	<u>3,308,103</u>
Sales and Services:				
Solid waste fees		1,889,451		1,542,335
School resource officer reimbursement		1,178,000		1,343,539
Rents		61,961		87,381
EMS Charges		3,950,659		4,279,913
Public health user fees		797,683		743,589
Sheriff animal protective services fees		87,871		88,097
Social services fees		66,474		57,507
Public housing fees		101,639		73,853
Tax collection fees		223,544		228,815
Other sales and services		979,904		1,112,675
Register of deeds		283,064		289,161
Marriage licenses		54,480		52,004
Recreation services		279,147		230,952
	<u>9,364,840</u>	<u>9,953,877</u>	<u>589,037</u>	<u>10,129,821</u>
Investment earnings	<u>85,000</u>	<u>86,976</u>	<u>1,976</u>	<u>96,904</u>
Other:				
Tax refunds - sales and gas tax		1,109		946
ABC bottles taxes		52,995		50,313
County Board of Alcohol Control		24,000		24,000
Contributions		45,854		62,554
Other revenues		2,275,882		1,398,575
	<u>1,188,521</u>	<u>2,399,840</u>	<u>1,211,319</u>	<u>1,536,388</u>
Total revenues	<u>168,642,496</u>	<u>176,339,788</u>	<u>7,697,292</u>	<u>169,490,594</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries		220,041		244,933
Fringe benefits		50,787		52,312
Operating costs		51,988		44,408
	<u>373,886</u>	<u>322,816</u>	<u>51,070</u>	<u>341,653</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
County Administration:				
Salaries		385,066		725,484
Fringe benefits		121,078		224,152
Operating costs		22,934		33,968
	<u>549,741</u>	<u>529,078</u>	20,663	<u>983,604</u>
Human Resources:				
Salaries		323,402		-
Fringe benefits		124,993		-
Operating costs		17,768		-
	<u>519,603</u>	<u>466,163</u>	53,440	<u>-</u>
Finance:				
Salaries		654,837		619,572
Fringe benefits		234,128		206,801
Operating costs		370,285		364,835
	<u>1,288,437</u>	<u>1,259,250</u>	29,187	<u>1,191,208</u>
Tax Administration:				
Salaries		1,997,824		2,063,029
Fringe benefits		889,378		800,300
Operating costs		797,035		578,570
Capital outlay		-		7,971
	<u>4,149,186</u>	<u>3,684,237</u>	464,949	<u>3,449,870</u>
County Attorney:				
Salaries		336,716		368,496
Fringe benefits		105,135		102,550
Operating costs		206,100		162,265
	<u>712,496</u>	<u>647,951</u>	64,545	<u>633,311</u>
Court Facilities:				
Salaries		-		19,503
Fringe benefits		2,187		6,560
Operating costs		279,036		246,535
	<u>322,448</u>	<u>281,223</u>	41,225	<u>272,598</u>
Board of Elections:				
Salaries		349,588		371,707
Fringe benefits		102,288		88,062
Operating costs		149,139		150,804
	<u>702,020</u>	<u>601,015</u>	101,005	<u>610,573</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Register of Deeds:				
Salaries		605,668		639,616
Fringe benefits		304,411		276,956
Operating costs		<u>1,645,754</u>		<u>1,453,513</u>
	<u>2,655,148</u>	<u>2,555,833</u>	99,315	<u>2,370,085</u>
 Total general government	 <u>11,272,965</u>	 <u>10,347,566</u>	 925,399	 <u>9,852,902</u>
Central Services:				
Management Information Systems:				
Salaries		846,247		734,701
Fringe benefits		302,856		257,964
Operating costs		1,037,116		786,042
Capital outlay		<u>35,121</u>		<u>129,089</u>
	<u>2,343,570</u>	<u>2,221,340</u>	122,230	<u>1,907,796</u>
Service Center:				
Salaries		610,757		609,039
Fringe benefits		266,845		230,609
Operating costs		294,256		148,065
Capital outlay		<u>23,885</u>		<u>83,333</u>
	<u>1,459,089</u>	<u>1,195,743</u>	263,346	<u>1,071,046</u>
Engineering:				
Salaries		335,390		323,831
Fringe benefits		118,094		106,608
Operating costs		<u>24,647</u>		<u>19,080</u>
	<u>514,336</u>	<u>478,131</u>	36,205	<u>449,519</u>
Operation Services:				
Salaries		1,991,979		1,897,141
Fringe benefits		964,204		799,178
Operating costs		2,951,521		2,704,705
Capital outlay		<u>309,911</u>		<u>134,783</u>
	<u>6,773,060</u>	<u>6,217,615</u>	555,445	<u>5,535,807</u>
Non-departmental:				
Fringe benefits		2,016,930		2,296,780
Operating costs		404,727		554,419
Capital outlay		<u>-</u>		<u>31,317</u>
	<u>3,562,236</u>	<u>2,421,657</u>	1,140,579	<u>2,882,516</u>
 Total central services	 <u>14,652,291</u>	 <u>12,534,486</u>	 2,117,805	 <u>11,846,684</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Public Safety:				
District Attorney:				
Operating costs		116,376		78,816
	123,000	116,376	6,624	78,816
Sheriff:				
Salaries		7,794,620		7,706,558
Fringe benefits		2,999,071		2,747,597
Operating costs		2,264,666		2,503,246
Capital outlay		453,368		564,324
	13,646,540	13,511,725	134,815	13,521,725
Detention Center:				
Salaries		3,906,504		3,856,773
Fringe benefits		1,629,643		1,454,132
Operating costs		2,125,419		2,260,524
Capital outlay		49,539		37,586
	7,730,461	7,711,105	19,356	7,609,015
Emergency Medical:				
Salaries		4,623,322		4,540,766
Fringe benefits		1,676,826		1,501,588
Operating costs		1,283,531		1,331,911
Capital outlay		715,548		453,372
	8,408,946	8,299,227	109,719	7,827,637
Emergency Management:				
Salaries		405,919		407,260
Fringe benefits		138,499		130,260
Operating costs		235,552		237,581
Capital outlay		36,906		31,374
	1,106,153	816,876	289,277	806,475
Other Agencies:				
Fire districts		548,100		321,989
Rescue Squads		384,964		312,838
	933,575	933,064	511	634,827
Code Administration:				
Salaries		887,653		893,377
Fringe benefits		351,990		316,962
Operating costs		93,745		104,027
Capital outlay		-		22,879
	1,351,813	1,333,388	18,425	1,337,245

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Central Communications:				
Salaries		1,347,340		1,371,894
Fringe benefits		592,163		535,690
Operating costs		145,321		162,396
Capital outlay		75,876		397,295
	<u>2,411,976</u>	<u>2,160,700</u>	<u>251,276</u>	<u>2,467,275</u>
Animal Protective Services:				
Salaries		532,440		527,816
Fringe benefits		235,102		210,372
Operating costs		249,984		272,091
Capital outlay		-		31,800
	<u>1,039,049</u>	<u>1,017,526</u>	<u>21,523</u>	<u>1,042,079</u>
Total public safety	<u>36,751,513</u>	<u>35,899,987</u>	<u>851,526</u>	<u>35,325,094</u>
Transportation:				
Cape Fear Regional Jetport		97,000		97,000
Odell Williamson Municipal Airport		27,500		27,500
Cape Fear Transportation Authority		33,663		29,350
Brunswick Transit System		169,157		217,571
Total transportation	<u>382,729</u>	<u>327,320</u>	<u>55,409</u>	<u>371,421</u>
Environmental Protection:				
Solid Waste:				
Salaries		300,944		294,494
Fringe benefits		131,805		108,669
Operating costs		13,197,057		12,988,533
Capital outlay		7,810		62,063
	<u>13,729,406</u>	<u>13,637,616</u>	<u>91,790</u>	<u>13,453,759</u>
Other:				
Forestry services		188,072		203,326
Brunswick County Beach Consortium		13,500		30,000
	<u>259,681</u>	<u>201,572</u>	<u>58,109</u>	<u>233,326</u>
Total environmental protection	<u>13,989,087</u>	<u>13,839,188</u>	<u>149,899</u>	<u>13,687,085</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Economic Development:				
Planning				
Salaries		452,971		445,442
Fringe benefits		184,792		158,206
Operating costs		180,130		153,450
Capital outlay		-		7,971
	<u>896,415</u>	<u>817,893</u>	<u>78,522</u>	<u>765,069</u>
Cooperative Extension:				
Salaries		303,118		253,798
Fringe benefits		109,704		95,944
Operating costs		137,534		125,430
	<u>569,976</u>	<u>550,356</u>	<u>19,620</u>	<u>475,172</u>
Soil and Water Conservation:				
Salaries		140,510		138,088
Fringe benefits		59,567		54,102
Operating costs		14,479		13,978
	<u>216,333</u>	<u>214,556</u>	<u>1,777</u>	<u>206,168</u>
Public Housing Section 8:				
Salaries		198,493		197,726
Fringe benefits		81,400		74,395
Operating costs		2,216,089		2,194,982
	<u>2,511,824</u>	<u>2,495,982</u>	<u>15,842</u>	<u>2,467,103</u>
Economic Development:				
Salaries		208,434		204,892
Fringe benefits		72,805		73,791
Operating costs		138,500		128,500
	<u>420,339</u>	<u>419,739</u>	<u>600</u>	<u>407,183</u>
1% Occupancy Tax:				
Operating costs	<u>1,250,000</u>	<u>1,209,423</u>	<u>40,577</u>	<u>1,307,052</u>
Other Economic Development:				
Oak Island Beach abatement and renourishment		166,666		-
Lockwood Folly River aquatic restoration		-		182,322
Economic incentives		-		15,015
	<u>308,494</u>	<u>166,666</u>	<u>141,828</u>	<u>197,337</u>
Total economic development	<u>6,173,381</u>	<u>5,874,615</u>	<u>298,766</u>	<u>5,825,084</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Human Services:				
Health:				
Administration:				
Salaries		2,246,505		2,284,670
Fringe benefits		945,548		871,763
Operating costs		207,720		410,460
Capital outlay		-		31,230
	<u>3,601,214</u>	<u>3,399,773</u>	<u>201,441</u>	<u>3,598,123</u>
Communicable Diseases:				
Operating costs	<u>272,205</u>	<u>249,995</u>	<u>22,210</u>	<u>228,481</u>
Adult Health Maintenance:				
Salaries		625		-
Fringe benefits		48		-
Operating costs		169,781		91,453
	<u>197,413</u>	<u>170,454</u>	<u>26,959</u>	<u>91,453</u>
Senior Health				
Salaries		212,743		182,600
Fringe benefits		82,954		55,191
Operating costs		194,062		211,520
	<u>555,343</u>	<u>489,759</u>	<u>65,584</u>	<u>449,311</u>
Maternal and Child Health:				
Salaries		384,038		385,133
Fringe benefits		181,231		162,435
Operating costs		519,922		573,126
Capital outlay		8,403		-
	<u>1,172,845</u>	<u>1,093,594</u>	<u>79,251</u>	<u>1,120,694</u>
Environmental Health:				
Salaries		834,719		833,101
Fringe benefits		311,009		287,211
Operating costs		179,147		176,836
Capital outlay		6,991		-
	<u>1,376,861</u>	<u>1,331,866</u>	<u>44,995</u>	<u>1,297,148</u>
Employee Wellness:				
Salaries		119,507		92,830
Fringe benefits		45,018		31,178
Operating costs		81,349		53,205
	<u>269,741</u>	<u>245,874</u>	<u>23,867</u>	<u>177,213</u>
Total health	<u>7,445,622</u>	<u>6,981,315</u>	<u>464,307</u>	<u>6,962,423</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Veterans' Services:				
Salaries		121,331		117,171
Fringe benefits		55,433		42,884
Operating costs		9,166		9,761
Total veterans' services	<u>188,418</u>	<u>185,930</u>	<u>2,488</u>	<u>169,816</u>
Social Services:				
Administration:				
Salaries		6,017,337		5,667,728
Fringe benefits		2,573,176		2,168,262
Operating costs		2,915,722		1,894,130
Capital outlay		48,767		73,863
	<u>12,337,095</u>	<u>11,555,002</u>	<u>782,093</u>	<u>9,803,983</u>
Title III-In Home Care:				
Salaries		-		240,650
Fringe benefits		-		143,920
Operating costs		-		79,850
	<u>-</u>	<u>-</u>	<u>-</u>	<u>464,420</u>
Other Operating Costs:				
Medical assistance		11,083		5,464
Aid to the blind		4,933		5,909
Adoption assistance		245,010		256,761
Foster care		763,733		627,976
State foster home		338,089		333,639
Special assistance		410,317		410,421
Day care		5,280,538		4,649,529
Special child adoption assistance		7,056		16,324
	<u>7,291,914</u>	<u>7,060,759</u>	<u>231,155</u>	<u>6,306,023</u>
Total social services	<u>19,629,009</u>	<u>18,615,761</u>	<u>1,013,248</u>	<u>16,574,426</u>
Other Human Services:				
Trillium Health Resources		710,207		707,375
Brunswick Senior Resources, Inc.		1,565,000		1,550,000
Other human services		171,737		1,002,820
Capital outlay		-		78,282
	<u>2,446,947</u>	<u>2,446,944</u>	<u>3</u>	<u>3,338,477</u>
Total human services	<u>29,709,996</u>	<u>28,229,950</u>	<u>1,480,046</u>	<u>27,045,142</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Education:				
Public schools		33,335,477		33,437,869
Public schools - capital outlay		699,346		701,494
Community college		3,699,447		3,781,447
Community college - capital outlay		<u>50,000</u>		<u>-</u>
Total education	<u>37,784,270</u>	<u>37,784,270</u>	<u>-</u>	<u>37,920,810</u>
Culture and Recreation:				
Parks and Recreation:				
Administration:				
Salaries		545,847		585,570
Fringe benefits		188,794		176,971
Operating costs		415,438		404,983
Capital outlay		<u>3,515,427</u>		<u>-</u>
	<u>4,794,728</u>	<u>4,665,506</u>	<u>129,222</u>	<u>1,167,524</u>
Maintenance:				
Salaries		635,632		636,023
Fringe benefits		255,732		236,677
Operating costs		460,359		462,900
Capital outlay		<u>207,690</u>		<u>104,423</u>
	<u>1,658,362</u>	<u>1,559,413</u>	<u>98,949</u>	<u>1,440,023</u>
Total Parks and Recreation	<u>6,453,090</u>	<u>6,224,919</u>	<u>228,171</u>	<u>2,607,547</u>
Brunswick County Library:				
Salaries		678,186		686,048
Fringe benefits		311,619		291,352
Operating costs		<u>242,275</u>		<u>256,606</u>
	<u>1,298,534</u>	<u>1,232,080</u>	<u>66,454</u>	<u>1,234,006</u>
Total culture and recreation	<u>7,751,624</u>	<u>7,456,999</u>	<u>294,625</u>	<u>3,841,553</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Debt Service:				
Principal retirement	10,440,000	10,440,000	-	9,215,000
Interest and fees	3,511,664	3,489,128	22,536	3,762,911
Total debt service	<u>13,951,664</u>	<u>13,929,128</u>	<u>22,536</u>	<u>12,977,911</u>
Total expenditures	<u>172,419,520</u>	<u>166,223,509</u>	<u>6,196,011</u>	<u>158,693,686</u>
Revenues over (under) expenditures	<u>(3,777,024)</u>	<u>10,116,279</u>	<u>13,893,303</u>	<u>10,796,908</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	4,620,000	4,620,000	-	-
Premiums on bonds	157,137	157,137	-	-
Payment to escrow agent for refunded debt	(4,670,000)	(4,670,000)	-	-
	<u>107,137</u>	<u>107,137</u>	<u>-</u>	<u>-</u>
Transfers From Other Funds:				
Transfer from county capital project fund	88,000	88,000	-	-
Transfer from special revenue fund	13,682	13,682	-	-
	<u>101,682</u>	<u>101,682</u>	<u>-</u>	<u>-</u>
Transfers To Other Funds:				
Transfer to county capital project fund	(3,500,000)	(3,500,000)	-	(7,118,470)
Transfer to grant project funds	(24,116)	(24,116)	-	(18,988)
Transfer to emergency telephone system fund	(3,888)	(3,888)	-	(2,157)
Transfer to school capital project funds	(4,720,425)	(4,720,425)	-	(4,036,671)
	<u>(8,248,429)</u>	<u>(8,248,429)</u>	<u>-</u>	<u>(11,176,286)</u>
Budgetary Financing Sources (Uses):				
Appropriated fund balance	11,816,634	-	(11,816,634)	-
	<u>11,816,634</u>	<u>-</u>	<u>(11,816,634)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,777,024</u>	<u>(8,039,610)</u>	<u>(11,816,634)</u>	<u>(11,176,286)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,076,669</u>	<u>2,076,669</u>	<u>(379,378)</u>
Fund balance, beginning of year		<u>66,299,079</u>		<u>66,678,457</u>
Fund balance, end of year		<u>\$ 68,375,748</u>		<u>\$ 66,299,079</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted Intergovernmental:				
NC Department of Transportation	\$ 17,130,418	\$ 14,420,491	\$ 619,861	\$ 15,040,352
NC Parks & Recreation Trust Fund	859,354	500,000	-	500,000
	<u>17,989,772</u>	<u>14,920,491</u>	<u>619,861</u>	<u>15,540,352</u>
Investment earnings	<u>144,268</u>	<u>140,414</u>	<u>16,384</u>	<u>156,798</u>
Other:				
Performance bonds	4,213,721	4,213,721	-	4,213,721
Other revenues	331,716	252,507	2,000	254,507
	<u>4,545,437</u>	<u>4,466,228</u>	<u>2,000</u>	<u>4,468,228</u>
Total revenues	<u>22,679,477</u>	<u>19,527,133</u>	<u>638,245</u>	<u>20,165,378</u>
Expenditures:				
Capital Improvements:				
Public Safety:				
Sheriff's Firing Range	<u>280,000</u>	<u>206,090</u>	<u>36,521</u>	<u>242,611</u>
Economic Development:				
Avalon	3,922,845	299,370	2,219,413	2,518,783
Springlake at Maritime Shores	274,585	-	-	-
	<u>4,197,430</u>	<u>299,370</u>	<u>2,219,413</u>	<u>2,518,783</u>
Cultural and recreation:				
Town Creek Park Improvements	5,323,178	3,259,262	1,799,638	5,058,900
Waccamaw Park Improvements	3,192,717	182,138	2,900,699	3,082,837
Smithville Park Improvements	41,500	-	39,000	39,000
Brunswick River boat ramp	7,299	7,298	-	7,298
Leland Senior Center	353,000	6,257	196,576	202,833
	<u>8,917,694</u>	<u>3,454,955</u>	<u>4,935,913</u>	<u>8,390,868</u>
Transportation:				
Airport Improvements	<u>19,162,335</u>	<u>16,949,154</u>	<u>144,518</u>	<u>17,093,672</u>
Total expenditures	<u>32,557,459</u>	<u>20,909,569</u>	<u>7,336,365</u>	<u>28,245,934</u>
Revenues over (under) expenditures	(9,877,982)	(1,382,436)	(6,698,120)	(8,080,556)

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - COUNTY CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	<u>Project Budget</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Other Financing Sources (Uses):				
Appropriated fund balance	8,470,593	-	-	-
Contingency for future capital projects	(10,534,783)	-	-	-
Transfer from general fund	13,931,611	10,431,611	3,500,000	13,931,611
Transfer to general fund	(1,901,439)	(1,901,439)	(88,000)	(1,989,439)
Transfer to emergency telephone system fund	(88,000)	-	-	-
Total other financing sources (uses)	<u>9,877,982</u>	<u>8,530,172</u>	<u>3,412,000</u>	<u>11,942,172</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,147,736</u>	<u>(3,286,120)</u>	<u>\$ 3,861,616</u>
Fund balance, beginning of year			<u>15,637,195</u>	
Fund balance, end of year			<u>\$ 12,351,075</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCEBUDGET TO ACTUAL - EDUCATION CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
NC Public Education Lottery	\$ 7,087,951	\$ 6,049,771	\$ 1,043,025	\$ 7,092,796
Investment earnings	1,199,342	1,314,521	8,404	1,322,925
Investment earnings-debt proceeds	-	2,209	1,208	3,417
Total revenues	<u>8,287,293</u>	<u>7,366,501</u>	<u>1,052,637</u>	<u>8,419,138</u>
Expenditures:				
Brunswick County Schools	59,526,254	31,815,461	7,075,309	38,890,770
Brunswick Community College	31,665,911	31,392,826	63,828	31,456,654
Total expenditures	<u>91,192,165</u>	<u>63,208,287</u>	<u>7,139,137</u>	<u>70,347,424</u>
Revenues over (under) expenditures	(82,904,872)	(55,841,786)	(6,086,500)	(61,928,286)
Other Financing Sources (Uses):				
Transfer from general fund	34,286,443	29,566,017	4,720,425	34,286,442
Transfer to general fund	(314,013)	(314,013)	-	(314,013)
Premium on bonds issued	1,874,936	476,476	1,398,460	1,874,936
Debt financing issued	40,515,000	30,000,000	10,515,000	40,515,000
Appropriated fund balance	6,542,506	-	-	-
Total other financing sources (uses)	<u>82,904,872</u>	<u>59,728,480</u>	<u>16,633,885</u>	<u>76,362,365</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,886,694</u>	10,547,385	<u>\$ 14,434,079</u>
Fund balance, beginning of year			<u>10,439,109</u>	
Fund balance, end of year			<u>\$ 20,986,494</u>	

NON MAJOR GOVERNMENTAL FUNDS

EMERGENCY TELEPHONE SYSTEM FUND - This fund accounts for the 911 revenues received by the State 911 Board to enhance the State's 911 system.

GRANT PROJECT FUND - This fund accounts for Grant funds received for certain economic development and public safety projects.

REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND - This fund accounts for the fees collected by the Register of Deeds that North Carolina law requires be set aside and placed in a non-reverting automation enhancement and preservation fund.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS

JUNE 30, 2015

	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Assets:				
Cash and cash equivalents/investments	\$ 1,043,174	\$ 17,981	\$ 815,594	\$ 1,876,749
Interest receivable	885	-	565	1,450
Other governmental agencies	<u>606,243</u>	<u>9,920</u>	<u>-</u>	<u>616,163</u>
Total assets	<u>\$ 1,650,302</u>	<u>\$ 27,901</u>	<u>\$ 816,159</u>	<u>\$ 2,494,362</u>
Liabilities:				
Accounts payable and other liabilities	<u>536,424</u>	<u>1,642</u>	<u>22,816</u>	<u>560,882</u>
Total liabilities	<u>536,424</u>	<u>1,642</u>	<u>22,816</u>	<u>560,882</u>
Fund Balance:				
Stabilization by State Statute	607,128	9,920	565	617,613
Restricted - other	506,750	-	792,778	1,299,528
Assigned	<u>-</u>	<u>16,339</u>	<u>-</u>	<u>16,339</u>
Total fund balances	<u>1,113,878</u>	<u>26,259</u>	<u>793,343</u>	<u>1,933,480</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 1,650,302</u>	<u>\$ 27,901</u>	<u>\$ 816,159</u>	<u>\$ 2,494,362</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NON MAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Emergency Telephone System Fund	Grant Project	ROD- Technology Enhancement Fund	Total
Revenues:				
Restricted intergovernmental	\$ 2,726,521	\$ 460,243	\$ -	\$ 3,186,764
Permits and fees	-	-	134,139	134,139
Other revenue	280,356	2,230	-	282,586
Investment earnings	1,495	16	891	2,402
Total revenues	<u>3,008,372</u>	<u>462,489</u>	<u>135,030</u>	<u>3,605,891</u>
Expenditures:				
General government	-	-	114,689	114,689
Public safety	3,199,141	32,085	-	3,231,226
Economic and physical development	-	474,956	-	474,956
Total expenditures	<u>3,199,141</u>	<u>507,041</u>	<u>114,689</u>	<u>3,820,871</u>
Revenues over (under) expenditures	(190,769)	(44,552)	20,341	(214,980)
Other Financing Sources:				
Transfers from general fund	3,888	24,116	-	28,004
Transfers to general fund	-	(13,682)	-	(13,682)
Total other financing sources (uses)	<u>3,888</u>	<u>10,434</u>	<u>-</u>	<u>14,322</u>
Net change in fund balances	(186,881)	(34,118)	20,341	(200,658)
Fund balance, beginning of year	<u>1,300,759</u>	<u>60,377</u>	<u>773,002</u>	<u>2,134,138</u>
Fund balance, end of year	<u>\$ 1,113,878</u>	<u>\$ 26,259</u>	<u>\$ 793,343</u>	<u>\$ 1,933,480</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
 ACTUAL AND CHANGES IN FUND BALANCE - EMERGENCY TELEPHONE SYSTEM FUND
 FOR THE YEAR ENDED JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Revenues:				
Restricted intergovernmental	\$ 1,006,952	\$ 1,006,952	\$ -	\$ 761,711
911 Center Consolidation Grant	1,924,683	1,719,569	(205,114)	170,377
Other revenue	275,000	280,356	5,356	292,059
Investment earnings	-	1,495	1,495	1,553
Total revenues	<u>3,206,635</u>	<u>3,008,372</u>	<u>(198,263)</u>	<u>1,225,700</u>
Expenditures:				
Telephone and furniture	1,254,284	656,426	597,858	52,129
Computer software	107,586	70,712	36,874	59,169
Computer hardware	885,642	683,118	202,524	189,161
Staff training	8,000	6,322	1,678	6,645
Implemental functions	67,516	67,516	-	62,153
Capital Outlay 911 Center	1,924,683	1,715,047	209,636	147,008
Total expenditures	<u>4,247,711</u>	<u>3,199,141</u>	<u>1,048,570</u>	<u>516,265</u>
Revenues over (under) expenditures	(1,041,076)	(190,769)	850,307	709,435
Other Financing Sources (Uses):				
Transfers from general fund	3,888	3,888	-	2,157
Appropriated fund balance	1,037,188	-	(1,037,188)	-
Total other financing sources (uses)	<u>1,041,076</u>	<u>3,888</u>	<u>(1,037,188)</u>	<u>2,157</u>
Net change in fund balance	<u>\$ -</u>	(186,881)	<u>\$ (186,881)</u>	711,592
Fund balance, beginning of year		<u>1,300,759</u>		<u>589,167</u>
Fund balance, end of year		<u>\$ 1,113,878</u>		<u>\$ 1,300,759</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE

BUDGET TO ACTUAL - GRANT PROJECT FUND

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted Intergovernmental:				
CDBG-Scattered Site 2012	\$ 225,000	\$ -	\$ 225,000	\$ 225,000
CDBG-Technical Assistance Grant 2012	50,000	44,342	5,658	50,000
Urgent Repair 2013	75,000	37,500	37,500	75,000
Urgent Repair 2014	100,000	-	50,000	50,000
USDA Housing Preservation 2012	89,148	34,948	54,201	89,149
Single Family Rehab 2011	318,000	271,771	-	271,771
Single Family Rehab 2014	170,000	-	-	-
Sheriff's	665,160	575,002	30,249	605,251
Emergency Services Grants	1,913,421	1,892,160	2,960	1,895,120
Economic and Physical Development	163,730	119,138	44,592	163,730
SOAR Governor's Crime Commission	289,999	21,311	10,083	31,394
Other revenue	3,845	1,615	2,230	3,845
Investment earnings	28	28	16	44
Total revenues	<u>4,063,331</u>	<u>2,997,815</u>	<u>462,489</u>	<u>3,460,304</u>
Expenditures:				
CDBG - Scattered Site 2012	225,000	1,578	223,422	225,000
CDBG - Technical Assistance Grant 2012	50,000	44,342	5,658	50,000
Urgent Repair - 2013	90,028	15,529	74,499	90,028
Urgent Repair - 2014	120,000	-	31,351	31,351
USDA Housing Preservation (HPG) 2012	134,148	59,146	75,002	134,148
Single Family Rehabilitation - 2011	318,000	257,433	14,339	271,772
Single Family Rehabilitation - 2014	170,000	-	3,863	3,863
Sheriff's Department	669,148	569,593	-	569,593
Emergency Services - Public Safety	1,905,470	1,876,361	9,705	1,886,066
SOAR Governor's Crime Commission	289,999	48,660	22,380	71,040
General Economic and Physical Development	<u>165,960</u>	<u>119,138</u>	<u>46,822</u>	<u>165,960</u>
Total expenditures	<u>4,137,753</u>	<u>2,991,780</u>	<u>507,041</u>	<u>3,498,821</u>
Revenues over (under) expenditures	(74,422)	6,035	(44,552)	(38,517)
Other Financing Sources (Uses):				
Transfers from general fund	88,104	63,988	24,116	88,104
Transfers to general fund	<u>(13,682)</u>	<u>-</u>	<u>(13,682)</u>	<u>(13,682)</u>
Total other financing sources (uses)	<u>74,422</u>	<u>63,988</u>	<u>10,434</u>	<u>74,422</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 70,023</u>	<u>(34,118)</u>	<u>\$ 35,905</u>
Fund balance, beginning of year			<u>60,377</u>	
Fund balance, end of year			<u>\$ 26,259</u>	

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL AND CHANGES IN FUND BALANCE -
REGISTER OF DEEDS TECHNOLOGY ENHANCEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Revenues:				
Permits and fees	\$ 160,700	\$ 134,139	\$ (26,561)	\$ 132,395
Investment earnings	1,350	891	(459)	1,038
Total revenues	<u>162,050</u>	<u>135,030</u>	<u>(27,020)</u>	<u>133,433</u>
Expenditures:				
General government	<u>162,050</u>	<u>114,689</u>	<u>47,361</u>	<u>94,150</u>
Net change in fund balance	<u>\$ -</u>	20,341	<u>\$ 20,341</u>	39,283
Fund balance, beginning of year		<u>773,002</u>		<u>733,719</u>
Fund balance, end of year		<u>\$ 793,343</u>		<u>\$ 773,002</u>

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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

MAJOR ENTERPRISE FUNDS:

WATER FUND - This fund is used to account for the County's water operations.

WATER CAPITAL PROJECTS FUND - This fund is used to account for additions and improvements of major water enterprise facilities which are financed by transfers from the water capital reserve funds, bond proceeds, and financing agreements.

WASTEWATER FUND - This fund is used to account for the County's wastewater operations.

WASTEWATER CAPITAL PROJECTS FUND - This fund is used to account for additions and improvements of major wastewater enterprise facilities which are financed by transfers from the wastewater capital reserve funds, bond proceeds, and financing agreements.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WATER FUND (NON-GAAP)
JUNE 30, 2015

	<u>Water Fund</u>	<u>Water Capital Projects</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 19,873,348	\$ 7,334,160	\$ 27,207,508
Restricted cash	2,017,335	8,883,169	10,900,504
Interest receivable	15,133	5,291	20,424
Receivables and special assessments, net	2,621,289	867	2,622,156
Due from other governmental agencies	303,967	181,470	485,437
Inventories	2,061,679	-	2,061,679
Total current assets	<u>26,892,751</u>	<u>16,404,957</u>	<u>43,297,708</u>
Current Liabilities:			
Accounts payable and other liabilities	869,973	330,788	1,200,761
Customer deposits	1,631,703	-	1,631,703
Interest payable	144,711	-	144,711
Current portion of debt	1,184,680	-	1,184,680
Total current liabilities	<u>3,831,067</u>	<u>330,788</u>	<u>4,161,855</u>
Expendable net position	23,061,684	16,074,169	39,135,853
Noncurrent Items:			
Pension asset	398,393	-	398,393
Non-depreciable capital assets	12,870,077	-	12,870,077
Depreciable capital assets, net	129,704,847	-	129,704,847
Deferred outflow	283,292	-	283,292
Compensated absences	(319,838)	-	(319,838)
Other post-employment benefits	(3,291,187)	-	(3,291,187)
Non-current portion of debt	(26,018,296)	-	(26,018,296)
Deferred inflow	(970,981)	-	(970,981)
Total net position	<u>\$ 135,717,991</u>	<u>\$ 16,074,169</u>	<u>\$ 151,792,160</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
OPERATING FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Revenues:				
User charges	\$ 19,786,172	\$ 20,520,042	\$ 733,870	\$ 19,757,895
ARRA interest subsidy	263,693	297,931	34,238	268,423
Investment earnings	40,000	23,904	(16,096)	23,849
Other	442,449	428,603	(13,846)	390,411
Total revenues	<u>20,532,314</u>	<u>21,270,480</u>	<u>738,166</u>	<u>20,440,578</u>
Expenditures:				
Salaries	4,157,505	4,009,948	147,557	3,964,932
Fringe benefits	1,765,102	1,699,300	65,802	1,581,800
Operating expenditures	7,188,832	6,092,764	1,096,068	6,301,622
Repairs and maintenance	1,163,516	871,271	292,245	840,906
Capital outlay	2,768,946	2,679,172	89,774	3,606,151
Debt Service:				
Principal	910,010	910,009	1	895,024
Interest	1,031,525	1,024,502	7,023	853,385
Total expenditures	<u>18,985,436</u>	<u>17,286,966</u>	<u>1,698,470</u>	<u>18,043,820</u>
Revenues over (under) expenditures	1,546,878	3,983,514	2,436,636	2,396,758
Other Financing Sources (Uses):				
Long-term debt issued	8,410,367	8,410,367	-	-
Premiums on debt issued	1,097,680	1,097,680	-	-
Payments to escrow agent for refunded bonds	(11,625,000)	(11,625,000)	-	-
Transfer to water capital project fund	(3,689,974)	(3,650,000)	39,974	(3,929,192)
Transfer from water capital project fund	111,000	111,000	-	124,000
Appropriated net position	4,149,049	-	(4,149,049)	-
Total other financing sources (uses)	<u>(1,546,878)</u>	<u>(5,655,953)</u>	<u>(4,109,075)</u>	<u>(3,805,192)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1,672,439)</u>	<u>\$ (1,672,439)</u>	<u>\$ (1,408,434)</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL - WATER SYSTEM
OPERATING FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Related Items:				
Revenues from water capital projects		8,395		
Proceeds from water capital project debt		12,000,000		
Bond premium		912,329		
Transfer from water fund to water capital project fund		3,650,000		
Transfer to water fund from water capital project fund		(111,000)		
Capital project expenditures		(6,663,554)		
Other Reconciling Items:				
Proceeds from debt		(20,410,367)		
Premium		(2,010,009)		
Contributions made to the pension plan in the current fiscal year		283,292		
CIP additions from capital projects		6,663,554		
Capitalized capital outlay and CIP adjustment		2,626,022		
Change in interest accrued		71,039		
Change in vacation accrual		(2,265)		
Change in other post-employment benefits		(434,928)		
Change in inventory		695,033		
Pension expense		(43,652)		
Retirement of long-term debt		12,535,009		
Amortization of bond premium		60,465		
Loss on disposal of capital assets		1,565		
Contributed capital assets-Deeds of Dedication		888,007		
Depreciation		(4,559,411)		
Change in net position - GAAP basis		<u>\$ 4,487,085</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL -
WATER CAPITAL PROJECT FUNDS (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Project Budget	Actual		Total to Date
		Prior Year	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 401,590	\$ -	\$ -	\$ -
Investment earnings	-	66,749	7,947	74,696
Investment earnings-debt proceeds	-	302	209	511
Assessments	-	39,495	-	39,495
Penalties and interest assessments	-	12,915	239	13,154
Total revenues	<u>401,590</u>	<u>119,461</u>	<u>8,395</u>	<u>127,856</u>
Expenditures:				
Northwest Water Plant expansion	20,483,168	10,964,816	532,013	11,496,829
Old Shallotte Rd. water extension	1,208,136	1,208,136	-	1,208,136
City of Northwest 2nd Feed Line	1,411,285	1,170,306	240,978	1,411,284
Water Mains FY 13	891,253	55,763	835,490	891,253
Southeast Water Tank	65,000	50,550	-	50,550
Water Mains FY 14	1,080,550	76,278	369,540	445,818
Danford Road	4,088,981	132,671	3,836,985	3,969,656
BPS 8 and 9 improvements	1,484,900	721,992	731,806	1,453,798
Marlowtown waterline	75,636	75,636	-	75,636
Water Mains FY 15	100,000	-	32,725	32,725
Middle River and Smith Roads	100,000	-	67,467	67,467
17 So and Avalon Water Mains	70,000	-	16,550	16,550
NCDOT Hwy 211 Expansion	401,590	-	-	-
Total expenditures	<u>31,460,499</u>	<u>14,456,148</u>	<u>6,663,554</u>	<u>21,119,702</u>
Revenues over (under) expenditures	(31,058,909)	(14,336,687)	(6,655,159)	(20,991,846)
Other Financing Sources (Uses):				
Long term debt issued	23,146,392	11,146,392	12,000,000	23,146,392
Bond Premium	912,329	-	912,329	912,329
Transfers from water fund	12,032,584	8,382,586	3,650,000	12,032,586
Transfers to water fund	(812,770)	(701,770)	(111,000)	(812,770)
Contingency for future projects	(6,003,123)	-	-	-
Appropriated fund balance	1,783,497	-	-	-
Total other financing sources (uses)	<u>31,058,909</u>	<u>18,827,208</u>	<u>16,451,329</u>	<u>35,278,537</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,490,521	\$ 9,796,170	\$ 14,286,691

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - WASTEWATER FUND (NON-GAAP)
JUNE 30, 2015

	Wastewater Fund	Wastewater Capital Projects	Total
Current Assets:			
Cash and cash equivalents/investments	\$ 15,015,349	\$ 5,907,849	\$ 20,923,198
Restricted cash	2,020,993	670,242	2,691,235
Interest receivable	9,714	3,879	13,593
Receivables and special assessments, net	9,129,169	9,556	9,138,725
Due from other governmental agencies	141,386	84,203	225,589
Inventories	204,760	-	204,760
Total current assets	<u>26,521,371</u>	<u>6,675,729</u>	<u>33,197,100</u>
Current Liabilities:			
Accounts payable and other liabilities	410,068	465,498	875,566
Interest payable	777,968	-	777,968
Prepaid fees	1,491,634	-	1,491,634
Current portion of debt	9,549,978	-	9,549,978
Total current liabilities	<u>12,229,648</u>	<u>465,498</u>	<u>12,695,146</u>
Expendable net position	14,291,723	6,210,231	20,501,954
Noncurrent Items:			
Pension asset	230,791	-	230,791
Non-depreciable capital assets	6,077,317	-	6,077,317
Depreciable capital assets, net	221,331,306	-	221,331,306
Deferred outflow	4,126,136	-	4,126,136
Compensated absences	(151,123)	-	(151,123)
Other post-employment benefits	(1,516,368)	-	(1,516,368)
Non-current portion of debt	(117,526,983)	-	(117,526,983)
Deferred inflow	(562,493)	-	(562,493)
Total net position	<u>\$ 126,300,306</u>	<u>\$ 6,210,231</u>	<u>\$ 132,510,537</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Revenues:				
User charges	\$ 18,945,178	\$ 21,191,266	\$ 2,246,088	\$ 20,258,628
ARRA interest subsidy	363,092	392,237	29,145	393,304
Special assessments	41,000	230,257	189,257	2,787,123
Investment earnings	30,000	16,065	(13,935)	29,458
Other	35,000	65,541	30,541	41,756
Total revenues	<u>19,414,270</u>	<u>21,895,366</u>	<u>2,481,096</u>	<u>23,510,269</u>
Expenditures:				
Salaries	2,223,572	2,156,843	66,729	2,103,352
Fringe benefits	951,509	913,158	38,351	842,228
Operating expenditures	3,489,138	2,984,208	504,930	2,873,089
Repairs and maintenance	1,368,594	1,288,782	79,812	1,149,891
Capital outlay	1,023,591	840,910	182,681	1,266,577
Debt Service:				
Principal	8,987,047	8,987,043	4	8,382,977
Interest	5,691,360	5,616,823	74,537	5,225,904
Total expenditures	<u>23,734,811</u>	<u>22,787,767</u>	<u>947,044</u>	<u>21,844,018</u>
Revenues over (under) expenditures	(4,320,541)	(892,401)	3,428,140	1,666,251
Other Financing Sources (Uses):				
Issuance of long-term debt	42,139,633	42,139,633	-	-
Premiums on bonds issued	6,275,960	6,275,888	(72)	-
Payments to escrow agent for refunded bonds	(48,302,024)	(48,302,024)	-	-
Transfer to wastewater capital project fund	(430,696)	(430,696)	-	(84,168)
Transfer from wastewater capital project fund	478,979	478,979	-	152,367
Appropriated net position	4,158,689	-	(4,158,689)	-
Total other financing sources (uses)	<u>4,320,541</u>	<u>161,780</u>	<u>(4,158,761)</u>	<u>68,199</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(730,621)</u>	<u>\$ (730,621)</u>	<u>\$ 1,734,450</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND
ACTUAL - WASTEWATER FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Reconciliation From Budgetary Basis				
To Full Accrual Basis:				
Capital Project Activities:				
Revenues from wastewater capital projects		13,479		
Proceeds from issuance of long-term debt		3,930,000		
Bond premium		299,246		
Transfer from wastewater fund to wastewater capital projects		430,696		
Transfer from wastewater capital projects to wastewater fund		(478,979)		
Capital project expenditures		(4,187,669)		
Other Reconciling Items:				
Proceeds from issuance of long-term debt		(46,069,633)		
Premiums from issuance of long term debt		(6,575,134)		
Contributions made to the pension plan in the current fiscal year		164,112		
CIP additions from capital projects		4,187,669		
Capitalized capital outlay and CIP adjustment		840,910		
Change in interest accrued		395,877		
Change in vacation accrual		(6,775)		
Change in other post-employment benefits		(233,825)		
Contributed assets-Deeds of Dedication		554,683		
Change in inventory		(83,671)		
Pension expense		(25,287)		
Loss on disposal of capital assets		18,316		
Retirement of long-term debt		53,327,043		
Amortization of bond premium		208,779		
Unamortized outflow of resources related to refunding of debt		3,962,024		
Depreciation		(6,640,712)		
Change in net position - GAAP basis		<u>\$ 3,300,528</u>		

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
WASTEWATER CAPITAL PROJECT FUNDS (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

	Project Budget	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Restricted intergovernmental revenue	\$ 27,167	\$ 27,167	\$ -	\$ 27,167
Assessments	368,507	557,052	-	557,052
SAD interest and penalties	4,692	91,301	7,716	99,017
Investment earnings	15,038	62,107	5,744	67,851
Investment earnings-debt proceeds	5,169	6,235	19	6,254
Total revenues	<u>420,573</u>	<u>743,862</u>	<u>13,479</u>	<u>757,341</u>
Expenditures:				
Northeast Brunswick Wastewater Treatment Plant Ph 2	13,227,584	13,227,581	-	13,227,581
Boiling Springs Lake Collection System SAD	2,845,275	2,836,110	9,164	2,845,274
Ocean Ridge Pump Station/Angel Trace Force Main	1,063,535	709,323	354,212	1,063,535
Ocean Isle Beach wastewater plant improvements	4,479,174	182,554	3,824,293	4,006,847
Carolina Shores N. Sewer SAD	200,000	-	-	-
Total expenditures	<u>21,815,568</u>	<u>16,955,568</u>	<u>4,187,669</u>	<u>21,143,237</u>
Revenues over (under) expenditures	(21,394,995)	(16,211,706)	(4,174,190)	(20,385,896)
Other Financing Sources (Uses):				
Long term debt issued	19,794,134	15,864,134	3,930,000	19,794,134
Bond premium	299,174	-	299,246	299,246
Gain on sale of real property	751,218	751,218	-	751,218
Transfer from wastewater fund	2,871,711	2,441,016	430,696	2,871,712
Transfer to wastewater fund	(1,621,806)	(1,167,527)	(478,979)	(1,646,506)
Contingency for future projects	(4,880,032)	-	-	-
Appropriated fund balance	4,180,596	-	-	-
Total other financing sources (uses)	<u>21,394,995</u>	<u>17,888,841</u>	<u>4,180,963</u>	<u>22,069,804</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,677,135</u>	<u>\$ 6,773</u>	<u>\$ 1,683,908</u>

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the County's activities which are similar to those often found in the private sector. The measurement focus is on the flow of economic resources.

WORKERS' COMPENSATION INTERNAL SERVICE FUND - This fund is used to account for risk management operations of the County and for the financing of workers' compensation self-insurance costs incurred.

HEALTH INSURANCE INTERNAL SERVICE FUND - This fund is used to account for health operations of the County and for the financing of employees' medical and dental costs incurred.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND ACTUAL AND
 CHANGES IN NET POSITION - WORKERS' COMPENSATION INTERNAL SERVICE FUND (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2015
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	Financial Plan	Actual	Variance Positive (Negative)	2014
Revenues:				
Charges for services	\$ 600,000	\$ 600,000	\$ -	\$ 1,041,998
Investment earnings	-	3,354	3,354	4,143
Total revenues	<u>600,000</u>	<u>603,354</u>	<u>3,354</u>	<u>1,046,141</u>
Expenditures:				
Premiums	<u>1,350,000</u>	<u>1,346,100</u>	<u>3,900</u>	<u>559,668</u>
Revenues over (under) expenditures	<u>(750,000)</u>	<u>(742,746)</u>	<u>7,254</u>	<u>486,473</u>
Other financing sources (uses):				
Appropriated net position	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ -</u>	<u>(742,746)</u>	<u>\$ (742,746)</u>	<u>486,473</u>
Net position, beginning of year		<u>2,729,106</u>		<u>2,242,633</u>
Net position, end of year		<u>\$ 1,986,360</u>		<u>\$ 2,729,106</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN AND
ACTUAL AND CHANGES IN NET POSITION - HEALTH INTERNAL SERVICE FUND (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Financial Plan</u>	<u>Actual Year To Date</u>	<u>Variance Positive (Negative)</u>	<u>2014</u>
Revenues:				
Charges for services	\$ 13,158,899	\$ 13,170,561	\$ 11,662	\$ 10,272,557
Investment earnings	-	1,344	1,344	2,456
Total revenues	<u>13,158,899</u>	<u>13,171,905</u>	<u>13,006</u>	<u>10,275,013</u>
Expenditures:				
Premiums	12,632,298	12,130,221	502,077	9,902,259
Administration fees	<u>1,526,601</u>	<u>1,450,772</u>	<u>75,829</u>	<u>1,033,376</u>
Total expenditures	<u>14,158,899</u>	<u>13,580,993</u>	<u>577,906</u>	<u>10,935,635</u>
Revenues over (under) expenditures	<u>(1,000,000)</u>	<u>(409,088)</u>	<u>590,912</u>	<u>(660,622)</u>
Other financing sources (uses):				
Appropriated net position	<u>1,000,000</u>	-	<u>(1,000,000)</u>	-
Increase (decrease) in net position	<u>\$ -</u>	<u>(409,088)</u>	<u>\$ (409,088)</u>	<u>(660,622)</u>
Net position, beginning of year		<u>1,025,656</u>		<u>1,686,278</u>
Net position, end of year		<u>\$ 616,568</u>		<u>\$ 1,025,656</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2015

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Current Assets:			
Cash, cash equivalents and investments	\$ 2,928,875	\$ 1,623,504	\$ 4,552,379
Deposit receivable	-	200,300	200,300
Interest receivable	2,102	966	3,068
Total current assets	<u>2,930,977</u>	<u>1,824,770</u>	<u>4,755,747</u>
Current Liabilities:			
Accounts payable and other liabilities	<u>944,617</u>	<u>1,208,202</u>	<u>2,152,819</u>
Total current liabilities	<u>944,617</u>	<u>1,208,202</u>	<u>2,152,819</u>
Net position:			
Unrestricted	<u>1,986,360</u>	<u>616,568</u>	<u>2,602,928</u>
Total net position	<u>\$ 1,986,360</u>	<u>\$ 616,568</u>	<u>\$ 2,602,928</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
Operating Revenues:			
User charges	\$ 600,000	\$ 13,170,561	\$ 13,770,561
Total operating revenues	<u>600,000</u>	<u>13,170,561</u>	<u>13,770,561</u>
Operating Expenses:			
Premiums	1,346,100	12,130,221	13,476,321
Administration fees	-	<u>1,450,772</u>	<u>1,450,772</u>
Total operating expenses	<u>1,346,100</u>	<u>13,580,993</u>	<u>14,927,093</u>
Operating income (loss)	<u>(746,100)</u>	<u>(410,432)</u>	<u>(1,156,532)</u>
Non-operating Revenues:			
Investment earnings	<u>3,354</u>	<u>1,344</u>	<u>4,698</u>
Total non-operating revenues	<u>3,354</u>	<u>1,344</u>	<u>4,698</u>
Increase (decrease) in net position	(742,746)	(409,088)	(1,151,834)
Net position, beginning of year	<u>2,729,106</u>	<u>1,025,656</u>	<u>3,754,762</u>
Net position, end of year	<u>\$ 1,986,360</u>	<u>\$ 616,568</u>	<u>\$ 2,602,928</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Workers' Compensation</u>	<u>Health Insurance</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from chargers to users	\$ 600,000	\$ 13,170,561	\$ 13,770,561
Premiums	<u>(641,932)</u>	<u>(13,160,534)</u>	<u>(13,802,466)</u>
Net cash provided by (used in) operating activities	<u>(41,932)</u>	<u>10,027</u>	<u>(31,905)</u>
Cash Flows From Investing Activities:			
Interest on investments	<u>1,804</u>	<u>723</u>	<u>2,527</u>
Net increase (decrease) in cash and cash equivalents	(40,128)	10,750	(29,378)
Cash and cash equivalents, beginning of year	<u>2,969,003</u>	<u>1,612,754</u>	<u>4,581,757</u>
Cash and cash equivalents, end of year	<u>\$ 2,928,875</u>	<u>\$ 1,623,504</u>	<u>\$ 4,552,379</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (746,100)	\$ (410,432)	\$ (1,156,532)
Changes in Assets and Liabilities:			
Increase (decrease) in accounts payable/accrued expenses	<u>704,168</u>	<u>420,459</u>	<u>1,124,627</u>
Net cash provided by (used in) operating activities	<u>\$ (41,932)</u>	<u>\$ 10,027</u>	<u>\$ (31,905)</u>

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AGENCY FUNDS

Agency funds are used to account for short-term custodial collections of resources on behalf of another individual, entity or government.

Social Services Fund - This fund accounts for monies held by the Social Services Department for the benefit of certain individuals in the County.

Smithville Township Fund - This fund accounts for the proceeds of the special hospital tax collected by the County on behalf of the citizens of Smithville Township.

Intergovernmental Collections Fund - This fund accounts for the proceeds of the motor vehicle taxes and other ad Valorem taxes that are collected by the County on behalf of the municipalities within the County and for fines and forfeitures collected by the Clerk of Court which are remitted to the Brunswick County Schools.

Sheriff Department Trust Fund - This fund accounts for the proceeds of court ordered property sales necessary to satisfy a debt.

Inmate Trust Fund - This fund accounts for monies held by Brunswick County on the behalf of inmates in the Brunswick County Detention Center.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2015</u>
SOCIAL SERVICES FUND				
Assets:				
Cash, cash equivalents and investments	\$ 32,901	\$ 92,598	\$ 106,929	\$ 18,570
Interest receivable	7	15	4	18
Total assets	<u>\$ 32,908</u>	<u>\$ 92,613</u>	<u>\$ 106,933</u>	<u>\$ 18,588</u>
Liabilities:				
Other	<u>\$ 32,908</u>	<u>\$ 199,349</u>	<u>\$ 213,669</u>	<u>\$ 18,588</u>
SMITHVILLE TOWNSHIP FUND				
Assets:				
Cash, cash equivalents and investments	\$ 1,056,999	\$ 2,782,240	\$ 2,794,216	\$ 1,045,023
Interest receivable	419	1,201	242	1,378
Due from other governmental agencies	4,904	5,605	4,904	5,605
Total assets	<u>\$ 1,062,322</u>	<u>\$ 2,789,046</u>	<u>\$ 2,799,362</u>	<u>\$ 1,052,006</u>
Liabilities:				
Due to other governmental agencies	<u>1,062,322</u>	<u>2,128,423</u>	<u>2,138,739</u>	<u>1,052,006</u>
Total liabilities	<u>\$ 1,062,322</u>	<u>\$ 2,128,423</u>	<u>\$ 2,138,739</u>	<u>\$ 1,052,006</u>
INTERGOVERNMENTAL COLLECTIONS FUND				
Assets:				
Cash, cash equivalents and investments	411,847	\$ 32,297,911	\$ 32,564,594	\$ 145,164
Taxes receivable, net	28,821	21,645	28,821	21,645
Due from other governmental agencies	85,183	57,688	85,184	57,687
Total assets	<u>\$ 525,851</u>	<u>\$ 32,377,244</u>	<u>\$ 32,678,599</u>	<u>\$ 224,496</u>
Liabilities:				
Due to other governmental agencies	<u>\$ 525,851</u>	<u>\$ 32,596,175</u>	<u>\$ 32,897,530</u>	<u>\$ 224,496</u>
SHERIFF DEPARTMENT TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 39,867</u>	<u>\$ 637,970</u>	<u>\$ 670,691</u>	<u>\$ 7,146</u>
Liabilities:				
Other	<u>\$ 39,867</u>	<u>\$ 637,970</u>	<u>\$ 670,691</u>	<u>\$ 7,146</u>
INMATE TRUST FUND				
Assets:				
Cash, cash equivalents and investments	<u>\$ 46,057</u>	<u>\$ 439,253</u>	<u>\$ 438,759</u>	<u>\$ 46,551</u>
Liabilities:				
Other	<u>\$ 46,057</u>	<u>\$ 439,253</u>	<u>\$ 438,759</u>	<u>\$ 46,551</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 2015</u>
COMBINING TOTALS				
Assets:				
Cash, cash equivalents and investments	\$ 1,587,671	\$ 36,249,972	\$ 36,575,189	\$ 1,262,454
Interest receivable	426	1,216	246	1,396
Taxes receivable, net	28,821	21,645	28,821	21,645
Due from other governmental agencies	90,087	63,293	90,088	63,292
Total assets	<u>\$ 1,707,005</u>	<u>\$ 36,336,126</u>	<u>\$ 36,694,344</u>	<u>\$ 1,348,787</u>
Liabilities:				
Due to other governmental agencies	\$ 1,588,173	\$ 34,724,598	\$ 35,036,269	\$ 1,276,502
Other	118,832	1,276,572	1,323,119	72,285
Total liabilities	<u>\$ 1,707,005</u>	<u>\$ 36,001,170</u>	<u>\$ 36,359,388</u>	<u>\$ 1,348,787</u>

SUPPLEMENTAL FINANCIAL DATA

This section includes additional information on property taxes.

Schedule of Ad Valorem Taxes Receivable - General Fund

Analysis of Current Tax Levy - County-Wide Levy

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2015**

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-15	\$ -	\$ 111,987,241	\$ 107,298,668	\$ 4,688,573
2013-14	5,522,656	-	2,821,507	2,701,149
2012-13	2,819,305	-	1,086,330	1,732,975
2011-12	1,984,042	-	776,306	1,207,736
2010-11	1,294,190	-	414,160	880,030
2009-10	872,140	-	212,848	659,292
2008-09	410,189	-	68,608	341,581
2007-08	208,192	-	23,544	184,648
2006-07	189,932	-	12,341	177,591
2005-06	145,210	-	9,422	135,788
2004-05	112,351	-	112,351	-
	<u>\$ 13,558,207</u>	<u>\$ 111,987,241</u>	<u>\$ 112,836,085</u>	12,709,363
Less: Allowance for uncollected taxes receivable General Fund				<u>6,704,102</u>
Ad valorem taxes receivable (net)				<u>\$ 6,005,261</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 113,180,642
Reconciling Items:				
Interest collected and penalties				(1,169,035)
Releases on prior year tax				826,117
Write-offs				7
Reimbursement of prior year's taxes collected				3,854
Collection of taxes previously written off				<u>(5,500)</u>
Total collections and credits				<u>\$ 112,836,085</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015**

	County-Wide		Property Excluding Registered Vehicles	Registered Motor Vehicles
	Property Valuation	Rate		
Original levy:				
Property taxed at current year's rate	\$ 25,264,778,411	0.4425	\$ 111,796,644	\$ 106,681,822
Motor vehicles taxed at prior year's rate	1,189,611	0.4425	5,264	-
Penalties	-		10,820	10,820
Total	<u>25,265,968,022</u>		<u>111,812,728</u>	<u>106,692,642</u>
Discoveries:				
Current and prior years' taxes	60,247,586		366,166	366,166
Penalties	-		29,285	29,285
Total	<u>60,247,586</u>		<u>395,451</u>	<u>395,451</u>
Abatements	<u>(49,929,564)</u>		<u>(220,938)</u>	<u>(172)</u>
Total property valuation	<u>\$ 25,276,286,044</u>			
Net levy			111,987,241	106,867,327
Less uncollected taxes at June 30, 2015			<u>4,688,573</u>	<u>4,686,806</u>
Current year's taxes collected			<u>\$ 107,298,668</u>	<u>\$ 102,180,521</u>
Current levy collection percentage			<u>95.81%</u>	<u>95.61%</u>
Prior year levy collection percentage			<u>95.07%</u>	<u>96.33%</u>

NON-MAJOR COMPONENT UNIT FINANCIAL DATA

Brunswick County Board of Alcoholic Control, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Airport Commission, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Tourism Development Authority, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

Brunswick County Economic Development Commission, a component unit of Brunswick County, is a legally separate entity for which the County is financially accountable. The Board issues separate financial statements.

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COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING BALANCE SHEET - NON-MAJOR COMPONENT UNITS
JUNE 30, 2015

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Totals
Assets:					
Current Assets:					
Cash, cash equivalents and investments	\$ 320,623	\$ 346,517	\$ 311,051	\$ 145,465	\$ 1,123,656
Restricted cash and investments	-	12,425	-	-	12,425
Receivables, net	-	3,888	352,732	650	357,270
Due from other governments	-	2,228	-	-	2,228
Inventory	269,549	41,531	-	-	311,080
Prepaid items	11,690	-	5,677	7,243	24,610
Total current assets	<u>601,862</u>	<u>406,589</u>	<u>669,460</u>	<u>153,358</u>	<u>1,831,269</u>
Non-Current Assets:					
Net pension asset	8,670	-	15,098	-	23,768
Capital assets, net	1,382,287	22,223,145	1,366	125,923	23,732,721
Total non-current assets	<u>1,390,957</u>	<u>22,223,145</u>	<u>16,464</u>	<u>125,923</u>	<u>23,756,489</u>
Total assets	<u>\$ 1,992,819</u>	<u>\$ 22,629,734</u>	<u>\$ 685,924</u>	<u>\$ 279,281</u>	<u>\$ 25,587,758</u>
Deferred Outflows of Resources:					
Contributions to pension plan	\$ 16,199	\$ -	\$ 8,997	\$ -	\$ 25,196
Liabilities:					
Current Liabilities:					
Debt obligation - current portion	\$ 62,800	\$ -	\$ 5,590	\$ -	\$ 68,390
Accounts payable and accrued expenses	214,231	19,721	23,442	6,769	264,163
Due to other governments	86,649	55,153	-	-	141,802
Total current liabilities	<u>363,680</u>	<u>74,874</u>	<u>29,032</u>	<u>6,769</u>	<u>474,355</u>
Noncurrent Liabilities:					
Debt obligation - long-term portion	135,000	-	5,590	-	140,590
Total noncurrent liabilities	<u>135,000</u>	<u>-</u>	<u>5,590</u>	<u>-</u>	<u>140,590</u>
Total liabilities	<u>498,680</u>	<u>74,874</u>	<u>34,622</u>	<u>6,769</u>	<u>614,945</u>
Deferred Inflows of Resources:					
Pension deferrals	\$ 21,565	\$ -	\$ 36,845	\$ -	\$ 58,410
Net position:					
Net investment in capital assets	1,184,487	22,223,145	1,366	125,923	23,534,921
Restricted:					
Stabilization by State Statute	76,854	-	352,732	650	430,236
For Tourism Promotion	-	-	269,356	-	269,356
Unrestricted	227,432	331,715	-	145,939	705,086
Total net position	<u>\$ 1,488,773</u>	<u>\$ 22,554,860</u>	<u>\$ 623,454</u>	<u>\$ 272,512</u>	<u>\$ 24,939,599</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
NON-MAJOR COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2015

	Brunswick County Board of Alcoholic Control	Brunswick County Airport Commission	Brunswick County Tourism Development Authority	Brunswick County Economic Development Commission	Totals
Revenues:					
Sales and services	\$ 1,998,196	\$ 944,167	\$ 30,125	\$ 354	\$ 2,972,842
Room occupancy taxes	-	-	1,174,046	-	1,174,046
Unrestricted intergovernmental	-	97,000	-	-	97,000
Capital grants	-	-	-	138,500	138,500
Other revenue	-	31,049	2,800	-	33,849
Investment earnings	190	28	805	-	1,023
Total revenues	<u>1,998,386</u>	<u>1,072,244</u>	<u>1,207,776</u>	<u>138,854</u>	<u>4,417,260</u>
Expenses					
Operating expenses	<u>1,853,230</u>	<u>1,277,139</u>	<u>1,338,267</u>	<u>115,325</u>	<u>4,583,961</u>
Change in net position	145,156	(204,895)	(130,491)	23,529	(166,701)
Net position, beginning of year	1,356,077	22,759,755	774,759	248,983	25,139,574
Prior period adjustment	<u>(12,460)</u>	<u>-</u>	<u>(20,814)</u>	<u>-</u>	<u>(33,274)</u>
Net position, as restated	<u>1,343,617</u>	<u>22,759,755</u>	<u>753,945</u>	<u>248,983</u>	<u>25,106,300</u>
Net position, end of year	<u>\$ 1,488,773</u>	<u>\$ 22,554,860</u>	<u>\$ 623,454</u>	<u>\$ 272,512</u>	<u>\$ 24,939,599</u>

STATISTICAL SECTION

This section includes detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends – These tables contain trend information to help the reader understand how the County's financial performance and well-being have changed over time:

- Net Position by Components (unaudited)
- Changes in Net Position (unaudited)
- Governmental Activities Tax Revenues by Source (unaudited)
- Fund Balance, Governmental Funds (unaudited)
- Changes in Fund Balance, Governmental Funds (unaudited)

Revenue Capacity – These tables contain information to help the reader assess the factors affecting the County's ability to generate its property taxes:

- Assessed Value and Estimated Actual Value of Taxable Property (unaudited)
- Property Tax Rates-Direct and All Overlapping Governments (unaudited)
- Principal Property Taxpayers (unaudited)
- Property Tax Levies and Collections – General Fund (unaudited)

Debt Capacity – These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future:

- Ratio of Outstanding Debt by Type (unaudited)
- Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita (unaudited)
- Direct and Underlying Governmental Activities Debt (unaudited)
- Legal Debt Margin Information (unaudited)
- Pledged-Revenue Coverage (unaudited)

Demographic and Economic Information – These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments:

- Demographic Statistics (unaudited)
- Principal Employers (unaudited)
- Full-time Equivalent County Government Employees by Function (unaudited)

Operating Information – These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs:

- Operating Indicators by Function/Program (unaudited)
- Capital Asset Statistics by Function/Program (unaudited)

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Net Position by Component
(accrual basis of accounting)**

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 54,279,043	\$ 67,118,730	\$ 37,377,510	\$ 80,832,411
Restricted	-	-	-	-
Unrestricted	<u>13,102,857</u>	<u>12,669,940</u>	<u>31,112,731</u>	<u>(19,213,539)</u>
Total governmental activities net position	<u>\$ 67,381,900</u>	<u>\$ 79,788,670</u>	<u>\$ 68,490,241</u>	<u>\$ 61,618,872</u>
Business-type activities				
Net investment in capital assets	\$ 93,748,105	\$ 114,088,014	\$ 104,963,579	\$ 161,945,932
Unrestricted	<u>28,132,662</u>	<u>28,311,927</u>	<u>65,985,290</u>	<u>34,144,461</u>
Total business-type activities net position	<u>\$ 121,880,767</u>	<u>\$ 142,399,941</u>	<u>\$ 170,948,869</u>	<u>\$ 196,090,393</u>
Primary Government				
Net investment in capital assets	\$ 148,027,148	\$ 181,206,744	\$ 142,341,089	\$ 242,778,343
Restricted	-	-	-	-
Unrestricted	<u>41,235,519</u>	<u>40,981,867</u>	<u>97,098,021</u>	<u>14,930,922</u>
Total primary government net position	<u>\$ 189,262,667</u>	<u>\$ 222,188,611</u>	<u>\$ 239,439,110</u>	<u>\$ 257,709,265</u>

Table 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 84,644,800	\$ 87,280,988	\$ 83,875,530	\$ 82,982,620	\$ 85,033,340	\$ 94,573,843
-	8,043,571	14,349,327	12,788,396	13,683,095	13,757,595
(21,304,189)	(14,326,518)	(18,195,225)	(7,358,632)	(7,117,818)	(11,489,319)
<u>\$ 63,340,611</u>	<u>\$ 80,998,041</u>	<u>\$ 80,029,632</u>	<u>\$ 88,412,384</u>	<u>\$ 91,598,617</u>	<u>\$ 96,842,119</u>
\$ 187,205,988	\$ 195,778,306	\$ 207,222,012	\$ 215,460,422	\$ 220,347,412	\$ 229,251,045
24,907,050	32,047,202	32,388,427	55,390,170	57,003,023	55,051,652
<u>\$ 212,113,038</u>	<u>\$ 227,825,508</u>	<u>\$ 239,610,439</u>	<u>\$ 270,850,592</u>	<u>\$ 277,350,435</u>	<u>\$ 284,302,697</u>
\$ 271,850,788	\$ 283,059,294	\$ 291,097,542	\$ 298,443,042	\$ 305,380,752	\$ 323,824,888
-	8,043,571	14,349,327	12,788,396	13,683,095	13,757,595
3,602,861	17,720,684	14,193,202	48,031,538	49,885,205	43,562,333
<u>\$ 275,453,649</u>	<u>\$ 308,823,549</u>	<u>\$ 319,640,071</u>	<u>\$ 359,262,976</u>	<u>\$ 368,949,052</u>	<u>\$ 381,144,816</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Changes in Net Position
(accrual basis of accounting)**

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 11,650,297	\$ 14,898,739	\$ 25,786,285	\$ 10,824,875
Public safety	21,488,245	23,757,912	28,704,704	32,475,041
Central services	11,415,044	11,661,193	12,491,337	12,874,270
Human services	24,449,640	26,746,227	30,203,435	29,448,343
Transportation	1,553,193	1,005,751	2,258,368	2,315,776
Environmental protection	10,201,646	11,272,811	12,551,871	14,390,242
Cultural and recreation	2,932,943	1,060,589	4,449,488	4,578,694
Economic and physical development	5,888,020	6,879,523	7,213,679	6,844,987
Education	40,347,613	38,167,647	47,784,629	50,907,860
Interest on long-term debt	4,120,523	4,255,116	4,294,959	6,439,614
Total governmental activities	<u>134,047,164</u>	<u>139,705,508</u>	<u>175,738,755</u>	<u>171,099,702</u>
Business-type activities:				
Water	10,906,786	13,871,031	16,426,295	14,967,806
Wastewater	2,937,019	9,168,580	7,926,725	9,775,273
Total business-type activities	<u>13,843,805</u>	<u>23,039,611</u>	<u>24,353,020</u>	<u>24,743,079</u>
Total primary government expenses	<u>\$ 147,890,969</u>	<u>\$ 162,745,119</u>	<u>\$ 200,091,775</u>	<u>\$ 195,842,781</u>
Program Revenues				
Governmental activities				
Charges for services:				
General government	\$ 3,445,947	\$ 4,726,587	\$ 1,480,767	\$ 1,832,978
Public safety	4,610,690	4,034,126	5,309,134	5,228,230
Central services	1,133,005	1,320,217	2,163,366	2,139,967
Human services	1,450,075	2,770,323	1,124,272	918,087
Environmental protection	2,315,762	-	1,928,085	1,546,722
Cultural and recreation	717,351	2,631,302	224,367	194,681
Economic and physical development	-	8,397	1,224,383	1,147,627
Education	-	-	76,459	-
Operating grants and contributions:				
General government	-	-	-	-
Public safety	-	-	710,170	1,405,174
Central services	-	-	-	-
Human services	15,222,947	17,047,108	17,158,192	18,693,712
Transportation	-	-	-	-
Environmental protection	-	-	-	-
Cultural and recreation	-	-	1,228	-
Economic and physical development	-	-	139,731	1,530,140
Education	-	-	2,146	4,833

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 10,891,485	\$ 10,525,533	\$ 10,998,376	\$ 10,934,466	\$ 12,254,383	\$ 11,457,688
32,431,363	33,465,622	34,715,586	35,303,805	39,375,729	38,962,019
12,032,434	4,316,359	13,455,405	12,644,064	14,123,067	15,525,612
31,201,132	26,128,245	26,325,541	26,348,700	28,293,768	28,935,510
4,292,392	3,742,434	3,736,588	2,616,195	2,006,314	471,838
7,362,499	13,812,863	13,876,612	13,394,236	16,242,909	14,029,464
1,908,173	4,214,605	4,169,218	3,951,742	4,084,737	3,937,844
7,614,811	6,913,420	7,653,903	7,616,623	7,270,311	9,799,191
42,391,583	39,853,517	39,852,618	42,982,116	44,441,846	44,955,498
6,372,620	28,264	1,894,630	4,616,769	4,510,795	3,487,733
<u>156,498,492</u>	<u>143,000,862</u>	<u>156,678,477</u>	<u>160,408,716</u>	<u>172,603,859</u>	<u>171,562,397</u>
15,977,572	16,289,895	15,995,637	17,581,607	18,819,605	17,679,797
<u>11,656,776</u>	<u>4,145,162</u>	<u>14,741,649</u>	<u>16,822,230</u>	<u>19,863,644</u>	<u>19,163,000</u>
<u>27,634,348</u>	<u>20,435,057</u>	<u>30,737,286</u>	<u>34,403,837</u>	<u>38,683,249</u>	<u>36,842,797</u>
<u>\$ 184,132,840</u>	<u>\$ 163,435,919</u>	<u>\$ 187,415,763</u>	<u>\$ 194,812,553</u>	<u>\$ 211,287,108</u>	<u>\$ 208,405,194</u>
\$ 1,387,017	\$ 1,475,142	\$ 1,481,028	\$ 1,771,496	\$ 1,912,777	\$ 1,532,631
5,635,307	6,702,142	6,707,376	8,077,465	9,155,944	9,956,633
1,535,716	444,294	444,294	-	-	-
1,335,443	1,060,041	2,670,338	2,351,986	2,386,613	2,467,380
1,275,381	2,044,307	2,044,804	2,682,035	2,655,010	2,869,355
188,117	220,402	220,402	200,813	230,952	279,147
1,254,385	1,108,423	1,108,903	1,058,732	1,066,665	1,036,255
-	-	-	-	-	-
775,551	937,273	1,077,537	713,544	775,551	2,383,738
1,088,201	365,583	743,632	1,579,854	2,403,013	4,522,352
-	-	-	-	225,469	221,081
19,082,231	17,471,434	18,392,791	14,187,069	15,115,863	16,639,756
217,571	-	-	235,060	217,571	169,157
17,721	-	-	6,961	17,721	7,212
131,243	-	51,829	147,278	131,243	131,776
946,912	-	-	2,428,282	2,365,158	2,212,062
3,610	3,716	3,716	-	-	-

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COUNTY OF BRUNSWICK, NORTH CAROLINA

**Changes in Net Position
(accrual basis of accounting)**

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Capital grants and contributions:				
General government	-	1,337	-	-
Public safety	-	-	-	-
Transportation	-	-	1,568,395	2,362,035
Cultural and recreation	-	100,000	(55,153)	713,193
Economic and physical development	1,626,521	-	574,128	416,223
Education	548,439	-	-	-
Total governmental activities program revenues	<u>31,070,737</u>	<u>32,639,397</u>	<u>33,629,670</u>	<u>38,133,602</u>
Business-type activities:				
Charges for services:				
Water	15,985,038	18,085,844	19,502,863	18,692,965
Wastewater	8,406,018	13,187,399	12,161,118	10,914,375
Capital grants and contributions:				
Water	4,058,527	3,056,007	9,101,531	4,890,763
Wastewater	4,355,512	7,963,239	9,994,682	13,980,711
Total business-type activities program revenues	<u>32,805,095</u>	<u>42,292,489</u>	<u>50,760,194</u>	<u>48,478,814</u>
Total primary government program revenues	<u>\$ 63,875,832</u>	<u>\$ 74,931,886</u>	<u>\$ 84,389,864</u>	<u>\$ 86,612,416</u>
Net (expense)/revenue				
Governmental activities	\$(102,976,427)	\$(107,066,111)	\$(142,109,085)	\$(132,966,100)
Business-type activities	<u>18,961,290</u>	<u>19,252,878</u>	<u>26,407,174</u>	<u>23,735,735</u>
Total primary government net (expense)/revenue	<u>\$ (84,015,137)</u>	<u>\$ (87,813,233)</u>	<u>\$ (115,701,911)</u>	<u>\$ (109,230,365)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Ad Valorem taxes	\$ 78,767,616	\$ 84,223,342	\$ 97,218,426	\$ 101,088,129
Local option taxes	21,061,222	23,256,105	23,061,392	19,741,137
Other taxes	8,761,948	6,340,890	4,942,000	3,054,525
Investment earnings	4,199,756	5,200,749	5,155,748	2,210,940
Loss on disposal of capital assets	-	-	489,997	-
Transfers	(60,169)	451,795	(56,907)	-
Total governmental activities	<u>112,730,373</u>	<u>119,472,881</u>	<u>130,810,656</u>	<u>126,094,731</u>
Business-type activities:				
Investment earnings	1,295,870	1,718,088	2,084,847	1,405,789
Transfers	60,168	(451,795)	56,907	-
Total business-type activities	<u>1,356,038</u>	<u>1,266,293</u>	<u>2,141,754</u>	<u>1,405,789</u>
Total primary government	<u>\$ 114,086,411</u>	<u>\$ 120,739,174</u>	<u>\$ 132,952,410</u>	<u>\$ 127,500,520</u>
Change in Net Position				
Governmental activities	\$ 9,753,946	\$ 12,406,770	\$ (11,298,429)	\$ (6,871,369)
Business-type activities	<u>20,317,328</u>	<u>20,519,171</u>	<u>28,548,928</u>	<u>25,141,524</u>
Total primary government	<u>\$ 30,071,274</u>	<u>\$ 32,925,941</u>	<u>\$ 17,250,499</u>	<u>\$ 18,270,155</u>

Table 2 (Continued)

Fiscal Year					
2010	2011	2012	2013	2014	2015
-	-	-	-	-	-
-	-	-	28,309	-	28,309
3,400,594	2,881,715	3,127,909	1,998,505	1,870,448	619,861
-	-	-	-	-	-
-	-	-	-	-	-
<u>189,138</u>	<u>727,475</u>	<u>727,475</u>	<u>1,386,898</u>	<u>1,440,936</u>	<u>1,043,025</u>
<u>38,464,138</u>	<u>35,441,947</u>	<u>38,802,034</u>	<u>38,854,287</u>	<u>41,970,934</u>	<u>46,119,730</u>
17,591,342	20,233,912	20,024,998	20,622,239	20,418,106	21,246,815
12,044,395	17,332,864	18,192,801	41,665,426	23,488,533	21,887,017
3,448,505	2,026,810	1,135,642	1,339,740	512,097	888,007
10,217,775	1,995,448	3,066,745	1,181,493	691,966	554,683
<u>43,302,017</u>	<u>41,589,034</u>	<u>42,420,186</u>	<u>64,808,898</u>	<u>45,110,702</u>	<u>44,576,522</u>
<u>\$ 81,766,155</u>	<u>\$ 77,030,981</u>	<u>\$ 81,222,220</u>	<u>\$ 103,663,185</u>	<u>\$ 87,081,636</u>	<u>\$ 90,696,252</u>
\$(118,034,354)	\$(107,558,915)	\$(117,876,443)	\$(121,554,429)	\$(130,632,925)	\$ (125,442,667)
<u>15,667,669</u>	<u>21,153,977</u>	<u>11,682,900</u>	<u>30,405,061</u>	<u>6,427,453</u>	<u>7,733,725</u>
<u>\$(102,366,685)</u>	<u>\$(86,404,938)</u>	<u>\$(106,193,543)</u>	<u>\$(91,149,368)</u>	<u>\$(124,205,472)</u>	<u>\$(117,708,942)</u>
\$ 101,876,707	\$ 106,878,322	\$ 106,878,322	\$ 109,152,892	\$ 112,080,219	\$ 111,847,084
15,061,747	14,871,122	15,996,708	16,941,795	17,832,031	19,698,311
3,249,224	3,161,359	3,163,720	3,484,388	3,766,292	4,088,743
713,501	305,543	305,536	168,330	140,616	120,072
-	-	-	-	-	-
(1)	(1)	-	-	-	-
<u>120,901,178</u>	<u>125,216,345</u>	<u>126,344,286</u>	<u>129,747,405</u>	<u>133,819,158</u>	<u>135,754,210</u>
354,975	128,414	127,494	83,874	72,390	53,888
-	-	-	-	-	-
<u>354,975</u>	<u>128,414</u>	<u>127,494</u>	<u>83,874</u>	<u>72,390</u>	<u>53,888</u>
<u>\$ 121,256,153</u>	<u>\$ 125,344,759</u>	<u>\$ 126,471,780</u>	<u>\$ 129,831,279</u>	<u>\$ 133,891,548</u>	<u>\$ 135,808,098</u>
\$ 2,866,824	\$ 17,657,430	\$ 8,467,843	\$ 8,192,976	\$ 3,186,233	\$ 10,311,543
<u>16,022,644</u>	<u>21,282,391</u>	<u>11,810,394</u>	<u>30,488,935</u>	<u>6,499,843</u>	<u>7,787,613</u>
<u>\$ 18,889,468</u>	<u>\$ 38,939,821</u>	<u>\$ 20,278,237</u>	<u>\$ 38,681,911</u>	<u>\$ 9,686,076</u>	<u>\$ 18,099,156</u>

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Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Video Programming Tax	Alcoholic Beverage Tax	Total
2006	79,137,087	21,061,222	331,736	-	227,627	100,757,672
2007	84,422,322	23,256,105	212,941	-	241,782	108,133,150
2008	96,940,721	23,061,392	4,785	424,364	240,565	120,671,827
2009	98,948,961	19,741,137	6,768	451,989	244,224	119,393,079
2010	100,529,188	15,061,747	73,409	445,398	77,229	116,186,971
2011	100,346,765	14,291,687	-	436,749	248,907	115,324,108
2012	105,460,118	15,996,708	-	438,980	248,109	122,143,915
2013	108,945,817	16,941,795	-	426,533	234,872	126,549,017
2014	112,999,386	17,832,031	-	421,718	258,749	131,511,884
2015	113,180,642	19,698,311	-	429,720	287,908	133,596,581

Note: During FY 07-08, Franchise Fees were eliminated by the State and replaced by the Video Programming Tax.

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Fund Balance, Governmental Funds
(modified accrual basis of accounting)**

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Reserved	\$ 11,427,160	\$ 9,238,373	\$ 10,255,753	\$ 7,460,930
Unreserved	50,219,523	55,277,531	53,893,857	47,868,262
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total General fund	<u>\$ 61,646,683</u>	<u>\$ 64,515,904</u>	<u>\$ 64,149,610</u>	<u>\$ 55,329,192</u>
All Other Governmental Funds				
Reserved	\$ 1,551,160	\$ 17,026,010	\$ 29,199,790	\$ 7,742,400
Unreserved, reported in:				
Special revenue funds	11,323,483	14,984,776	14,553,588	19,527,193
Capital Project Funds, Designated for Subsequent years	26,794,098	584,112	584,112	14,170,398
Restricted in Special Revenue Funds	-	-	-	-
Restricted in Capital Project Funds	-	-	-	-
Committed in Capital Project Funds	-	-	-	-
Assigned in Special Revenue Funds	-	-	-	-
Unassigned in Special Revenue Funds	-	-	-	-
Total all other governmental funds	<u>\$ 39,668,741</u>	<u>\$ 32,594,898</u>	<u>\$ 44,337,490</u>	<u>\$ 41,439,991</u>

Note: The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Five Years are presented in the format prior to the implementation of GASB 45.

Five Years after the implementation are presented on the following page.

Table 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 7,125,195	\$ -	\$ -	\$ -	\$ -	\$ -
47,021,290	-	-	-	-	-
-	4,365,639	10,533,677	10,707,390	11,500,851	11,840,454
-	2,440,362	897,261	649,053	1,080,269	1,900,526
-	-	214,566	214,566	214,566	214,566
-	51,160,940	48,066,823	55,107,448	55,503,393	54,420,202
<u>\$ 54,146,485</u>	<u>\$ 57,966,941</u>	<u>\$ 59,712,327</u>	<u>\$ 66,678,457</u>	<u>\$ 68,299,079</u>	<u>\$ 68,375,748</u>
\$ 97,309	\$ -	\$ -	\$ -	\$ -	\$ -
16,571,212	-	-	-	-	-
10,277,992	-	-	-	-	-
-	1,401,061	2,168,093	1,703,515	2,182,244	1,917,141
-	2,276,871	1,647,557	377,491	297,795	10,987,621
-	23,513,880	22,678,928	21,750,674	25,778,509	22,349,948
-	43,183	-	-	-	16,339
-	(783,568)	(1,102,442)	(350,670)	(48,106)	-
<u>\$ 26,946,513</u>	<u>\$ 26,451,427</u>	<u>\$ 25,392,136</u>	<u>\$ 23,481,010</u>	<u>\$ 28,210,442</u>	<u>\$ 35,271,049</u>

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Changes in Fund Balance, Governmental Funds
(modified accrual basis of accounting)**

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Ad Valorem taxes	\$ 79,137,087	\$ 84,422,322	\$ 96,940,721	\$ 98,948,961
Special assessments	64,430	-	-	-
Local option sales taxes	21,061,222	23,256,105	23,061,392	19,741,137
Other taxes and licenses	8,889,952	6,340,890	4,942,000	3,054,525
Unrestricted intergovernmental	251,627	265,782	701,489	735,680
Restricted intergovernmental	17,655,444	18,597,043	19,912,197	24,167,893
Permits and fees	7,550,776	7,591,795	4,127,984	3,389,913
Sales and services	4,921,912	5,217,986	8,379,989	8,133,848
Investment earnings	4,199,756	5,200,749	5,155,748	2,210,940
Other revenue	548,246	853,493	924,338	1,750,675
Total revenues	<u>144,280,452</u>	<u>151,746,165</u>	<u>164,145,858</u>	<u>162,133,572</u>
Expenditures				
General government	10,869,890	11,168,979	9,864,403	9,826,801
Public safety	20,976,344	23,070,557	27,575,360	30,369,412
Central services	12,348,752	11,276,503	11,867,248	12,100,908
Human services	24,451,543	26,466,751	28,631,664	28,070,006
Transportation	85,000	93,500	270,929	256,739
Environmental protection	10,163,812	11,069,839	12,522,556	13,326,293
Culture and recreation	4,339,985	4,363,027	5,558,766	4,033,904
Economic and physical development	5,765,438	6,802,351	6,947,615	6,479,048
Education	25,624,225	27,987,072	32,098,564	35,390,424
Capital Outlay	10,903,742	7,742,736	12,344,540	14,918,421
Intergovernmental expenditures	7,764,205	15,584,549	22,710,479	38,863,518
Debt Service:				
Principal retirement	6,372,162	6,697,377	7,975,512	9,616,456
Interest and fiscal charges	4,620,523	4,255,116	4,861,013	6,439,614
Total expenditures	<u>144,285,621</u>	<u>156,578,357</u>	<u>183,228,649</u>	<u>209,691,544</u>
Revenues over (under) expenditures	<u>(5,169)</u>	<u>(4,832,192)</u>	<u>(19,082,791)</u>	<u>(47,557,972)</u>
Other Financing Sources (Uses)				
Issuance of long-term debt	1,007,492	175,770	65,300,000	-
Premium on Bonds Issued	-	-	566,054	-
Discounts on Bonds Issued	-	-	-	-
Payment to escrow agent-refunded debt	-	-	-	-
Sale of capital assets	-	-	489,997	-
Transfer from other funds	34,901,277	24,969,412	21,600,857	17,059,900
Transfer to other funds	<u>(34,961,447)</u>	<u>(24,517,617)</u>	<u>(21,657,764)</u>	<u>(17,059,900)</u>
Total other financing sources (uses)	<u>947,322</u>	<u>627,565</u>	<u>66,299,144</u>	<u>-</u>
Net change in fund balances	<u>\$ 942,153</u>	<u>\$ (4,204,627)</u>	<u>\$ 47,216,353</u>	<u>\$ (47,557,972)</u>
Debt service as a percentage of noncapital expenditures	8.2%	7.4%	7.5%	8.2%

Table 5

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$100,529,188	\$ 100,346,765	\$ 105,460,118	\$ 108,945,817	\$ 112,999,386	\$ 113,180,642
-	-	-	-	-	-
15,061,747	14,291,687	15,996,708	16,941,795	17,832,031	19,698,311
3,249,224	3,130,245	3,163,720	3,484,388	3,766,292	4,088,743
549,711	1,536,541	1,658,455	1,133,188	1,229,149	2,944,878
24,368,907	22,912,749	23,406,593	22,164,613	23,434,166	25,211,479
3,261,887	2,940,408	3,231,061	3,316,555	3,440,498	3,758,831
7,559,876	7,263,926	7,416,017	9,275,461	10,129,821	9,953,877
712,175	403,061	295,910	159,171	134,017	115,374
972,567	5,602,806	1,407,154	1,627,789	1,876,791	2,684,426
<u>156,265,282</u>	<u>158,428,188</u>	<u>162,035,736</u>	<u>167,048,777</u>	<u>174,842,151</u>	<u>181,636,561</u>
9,613,675	9,302,160	9,676,687	10,215,740	9,947,052	10,462,255
29,332,960	30,056,729	32,251,931	32,451,639	36,154,948	39,131,213
11,699,222	10,697,137	12,371,883	11,664,103	11,846,684	12,534,486
26,668,707	25,077,211	25,924,881	25,051,483	27,045,142	28,229,950
280,466	261,930	344,699	373,450	371,421	327,320
12,455,131	13,087,467	13,519,057	13,420,533	13,687,085	13,839,188
3,831,067	3,860,796	3,882,693	3,654,807	3,841,553	7,456,999
6,699,963	6,827,513	6,305,436	6,419,770	6,098,694	6,349,571
34,451,976	32,951,548	35,488,626	36,675,154	37,920,810	37,784,270
10,416,650	4,453,015	3,980,519	4,998,600	5,858,111	29,024
11,495,398	2,371,301	4,016,191	2,886,725	4,742,686	14,446,478
10,041,528	10,099,775	9,949,167	9,910,000	9,215,000	10,440,000
8,162,795	5,367,812	6,487,455	6,492,027	3,762,911	3,489,128
<u>175,149,538</u>	<u>154,414,394</u>	<u>164,199,225</u>	<u>164,214,031</u>	<u>170,492,097</u>	<u>184,519,882</u>
<u>(18,884,256)</u>	<u>4,013,794</u>	<u>(2,163,489)</u>	<u>2,834,746</u>	<u>4,350,054</u>	<u>(2,883,321)</u>
24,715,000	-	45,795,000	16,620,000	-	15,135,000
1,790,175	-	4,789,688	1,875,258	-	1,555,597
-	-	(196,863)	-	-	-
(23,500,000)	-	(48,226,667)	(16,275,000)	-	(4,670,000)
202,895	-	-	-	-	-
9,653,933	5,437,904	2,491,595	4,003,845	11,176,286	8,350,111
<u>(9,653,933)</u>	<u>(5,437,904)</u>	<u>(2,491,595)</u>	<u>(4,003,845)</u>	<u>(11,176,286)</u>	<u>(8,350,111)</u>
<u>3,208,070</u>	<u>-</u>	<u>2,161,158</u>	<u>2,220,258</u>	<u>-</u>	<u>12,020,597</u>
<u>\$ (15,676,186)</u>	<u>\$ 4,013,794</u>	<u>\$ (2,331)</u>	<u>\$ 5,055,004</u>	<u>\$ 4,350,054</u>	<u>\$ 9,137,276</u>
11.1%	10.3%	10.3%	10.3%	7.9%	7.6%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Assessed Value and Estimated Actual Value of Taxable Property
(amounts expressed in thousands)**

Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property	
	Residential Property	Commercial Property	Motor Vehicles	Other
2006	10,131,558	2,063,869	828,607	1,706,215
2007	10,898,562	2,315,751	899,654	1,698,714
2008	24,137,625	5,539,507	954,681	1,785,364
2009	25,171,023	6,030,188	933,239	1,958,369
2010	25,611,680	6,135,756	872,773	1,982,727
2011	25,956,004	6,088,445	877,835	1,813,228
2012	18,204,062	4,270,088	933,011	2,005,369
2013	18,317,595	4,296,720	989,099	1,885,322
2014	18,506,731	4,341,085	1,403,046	1,908,353
2015	18,773,228	4,403,597	1,164,656	1,888,653

Source: Annual County Report of Valuation and Property Tax Levies

Note:

A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Real property in Brunswick County is reassessed once every four years. The last revaluation was completed January 2015. The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the State Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

Table 6

Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
240,038	14,490,211	0.005400	18,112,764	80.00%
287,626	15,525,055	0.005400	24,840,088	62.50%
992,640	31,424,537	0.003050	31,649,247	99.29%
1,007,602	33,085,217	0.003050	33,736,328	98.07%
1,056,335	33,546,601	0.003050	32,911,411	101.93%
1,127,037	33,608,475	0.003050	29,587,530	113.59%
883,952	24,528,578	0.004425	25,217,002	97.27%
889,727	24,599,009	0.004425	23,857,055	103.11%
900,170	25,259,045	0.004425	23,422,705	107.84%
903,918	25,326,216	0.004425	23,574,622	107.43%

COUNTY OF BRUNSWICK, NORTH CAROLINA

**Property Tax Rates-Direct and All Overlapping Governments
(Per \$100 of Assessed Value)**

Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
County:				
Brunswick County-wide rate	\$ 0.5400	\$ 0.5400	\$ 0.3050	\$ 0.3050
Municipality Rates:				
Village of Bald Head Island	0.4650	0.4650	0.2600	0.2600
Village of Bald Head Island MSD Zone A (4)	*	*	*	*
Village of Bald Head Island MSD Zone B (4)	*	*	*	*
Town of Belville	0.1500	0.1500	0.0911	0.0911
City of Boiling Spring Lakes	0.2500	0.2500	0.1200	0.1200
Town of Bolivia	0.0600	0.0600	0.0500	0.0500
Town of Calabash	0.1000	0.1000	0.0700	0.0700
Town of Carolina Shores	0.0800	0.0800	0.0800	0.0800
Town of Caswell Beach	0.2100	0.2200	0.1500	0.1500
Town of Holden Beach	0.1800	0.1800	0.0690	0.0690
Town of Leland	0.1800	0.1800	0.1166	0.1166
Town of Navassa	0.2700	0.2700	0.2000	0.2000
City of Northwest	0.2000	0.2000	0.1500	0.1700
Town of Oak Island	0.3300	0.3300	0.1245	0.1400
Town of Ocean Isle Beach	0.1400	0.1400	0.0800	0.0900
Town of Sandy Creek	0.3500	0.3500	0.3000	0.3000
Town of Shallotte	0.3200	0.3200	0.2700	0.2700
Town of St. James Plantation	0.0500	0.0500	0.0500	0.0500
City of Southport	0.2700	0.2700	0.1500	0.1800
Town of Sunset Beach	0.1300	0.1450	0.1150	0.0900
Town of Varnamtown	0.0500	0.0500	0.0500	0.0500
Other Districts: (3)				
North Brunswick Sanitary District	na	na	na	na
Southeastern Brunswick Sanitary District	0.0000	0.0000	0.0000	0.0000
Smithville Township	0.0400	0.0400	0.0400	0.0225

Notes:

- (1) Property was revalued in January 2007 and January 2011.
- (2) The property tax rates for each of the governments listed above are based on unit-wide tax rates. For each government, certain motor vehicles were taxed at the preceding year's rate.
- (3) The North Brunswick Sanitary District has not enacted property taxes as of June 30, 2015.
The Smithville Township is a hospital district. The levy collected is specific for debt retirement and capital improvements.
- (4) Municipal Service Districts created to fund beach re-nourishment.

Source : Brunswick County Tax Department.

Table 7

	2010	2011	2012	2013	2014	2015
\$	0.3050	\$ 0.3050	\$ 0.4425	\$ 0.4425	\$ 0.4425	\$ 0.4425
	0.2700	0.3275	0.5910	0.5910	0.5910	0.5900
	0.3100	0.3825	0.6718	0.6718	0.6708	0.6708
	0.2900	0.3625	0.6416	0.6416	0.6406	0.6406
	0.0911	0.0683	0.0683	0.0683	0.0683	0.0683
	0.1200	0.1200	0.1700	0.1700	0.1400	0.1700
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	0.0700	0.0700	0.0875	0.0875	0.0875	0.0875
	0.0800	0.0800	0.1016	0.1016	0.1016	0.1016
	0.1300	0.1300	0.1700	0.1700	0.1700	0.1700
	0.0690	0.0690	0.1270	0.1270	0.1270	0.1270
	0.1166	0.1166	0.1515	0.1515	0.1515	0.1515
	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
	0.1700	0.1900	0.2100	0.2100	0.2200	0.2200
	0.1400	0.1550	0.2750	0.2750	0.2750	0.2750
	0.0900	0.0900	0.1300	0.1300	0.1550	0.1550
	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
	0.2700	0.2700	0.3500	0.3500	0.3500	0.3500
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	0.1800	0.1800	0.2456	0.2456	0.2456	0.2456
	0.0900	0.0900	0.1050	0.1050	0.1050	0.1050
	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500
	na	na	na	na	na	na
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	0.0225	0.0225	0.0400	0.0400	0.0400	0.0400

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	Fiscal Year 2015			Fiscal Year 2006		
		2014 Assessed Valuation	Rank	Percentage of Total Assessed Valuation	2005 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Duke Energy (1)	Utility	\$ 854,198,739	1	3.38%	\$ 863,080,400	1	6.36%
N.C. Eastern Municipal Power Ag.	Utility	213,323,709	2	0.84%	179,391,657	2	1.32%
Bruns. Electric Membership Corp.	Utility	173,217,382	3	0.69%	111,467,532	4	0.82%
Archer Daniels Midland Company	Industry	113,683,877	4	0.45%	91,833,560	6	0.68%
Bald Head Island Ltd	Developer	99,449,296	5	0.39%	98,144,323	5	0.72%
DAK of America, LLC	Chemicals	91,275,049	6	0.36%	120,791,871	3	0.89%
Funston Land & Timber LLC	Timber	83,417,038	7	0.33%	n/a	n/a	n/a
Red Mountain Timberco LLC	Forestry	69,721,162	8	0.28%	n/a	n/a	n/a
Bolnick Andrew Trustee	Developer	49,229,558	9	0.19%	n/a	n/a	n/a
DWE Holdings LLC	Developer	44,970,350	10	0.18%	n/a	n/a	n/a
Sea Trail Corporation	Developer	n/a	n/a	n/a	34,298,940	8	0.25%
Odell Williamson	Developer	n/a	n/a	n/a	48,252,180	7	0.36%
MAS Properties LLC	Developer	n/a	n/a	n/a	32,704,720	9	0.24%
Ocean Grand LLC	Developer	n/a	n/a	n/a	25,751,300	10	0.19%
Totals		<u>\$1,792,486,160</u>		7.09%	<u>\$1,605,716,483</u>		11.83%

Notes:

(1) Formerly Progress Energy Carolinas, Inc.

Source: Brunswick County Tax Department

Property Tax Levies and Collections - General Fund
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Net Tax Levy	Collection Within Fiscal Year of Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Tax Levy
2006	77,993,000	75,874,328	97.28%	1,941,081	77,815,409	99.8%	135,788	0.2%
2007	83,653,779	81,622,970	97.57%	1,846,161	83,469,131	99.8%	177,591	0.2%
2008	96,591,590	94,153,697	97.48%	2,096,312	96,250,009	99.6%	184,648	0.2%
2009	100,905,188	96,284,992	95.42%	3,960,904	100,245,896	99.3%	341,581	0.3%
2010	101,769,536	96,713,452	95.03%	4,176,054	100,889,506	99.1%	659,292	0.6%
2011	102,495,067	96,734,004	94.38%	4,553,327	101,287,331	98.8%	880,030	0.9%
2012	107,167,357	101,521,399	94.73%	3,912,983	105,434,382	98.4%	1,207,736	1.1%
2013	109,045,695	103,031,401	94.48%	3,313,145	106,344,546	97.5%	1,732,975	1.6%
2014	112,022,102	106,499,446	95.07%	2,821,507	109,320,953	97.6%	2,701,149	2.4%
2015	111,987,241	107,298,668	95.81%	-	107,298,668	95.8%	4,688,573	4.2%

Note: This schedule includes data from only the General Fund countywide property tax levy.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Ratio of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities		
	General Obligation Bonded	Limited Obligation Bonded	Installment Loans
2006	77,290,352	21,865,000	1,185,359
2007	73,080,454	19,755,000	983,650
2008	97,465,000	17,625,000	36,053,592
2009	91,020,000	16,355,000	34,152,136
2010	84,560,000	15,080,000	33,060,608
2011	77,850,000	13,685,000	31,065,833
2012	70,240,000	39,405,000	575,000
2013	63,915,000	36,240,000	500,000
2014	57,895,000	33,120,000	425,000
2015	50,615,000	40,500,000	350,000

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

(1) State Data Center; projection as of June 30, 2015; annual estimates previous nine years

(2) Bureau of Economic Analysis; amounts are for prior calendar year

Table 10

Business-Type Activities				(2)	
General Obligation Bonded	Revenue Bonds	SRF Debt & Installment Loans	Total Primary Government	Debt to Personal Income	(1) Per Capita
1,754,648	32,779,319	36,502,809	171,377,487	7.8%	1,816
1,009,546	38,084,416	34,223,830	167,136,896	6.8%	1,696
295,000	89,757,733	32,468,604	273,664,929	8.8%	2,676
-	87,192,068	30,693,306	259,412,510	7.6%	2,465
4,342,000	84,523,497	44,131,981	265,698,086	7.9%	2,458
4,285,000	107,100,902	43,925,518	277,912,253	8.0%	2,520
3,790,000	102,529,141	50,565,728	267,104,869	7.3%	2,380
3,760,000	97,936,222	52,895,869	255,247,091	6.5%	2,267
3,605,000	93,122,808	48,586,282	236,754,090	5.8%	1,996
3,445,000	98,667,778	43,819,260	237,397,038	n/a	1,953

**Ratio of Net General Obligation Bonded Debt to Assessed Value and
Net General Obligation Bonded Debt per Capita**

Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value (000 omitted)	Gross General Obligation Bonded Debt	Less Debt Payable from Enterprise Fund	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	(1) Population	Net General Obligation Bonded Debt per Capita
2006	14,490,211	79,045,000	1,754,648	77,290,352	0.5%	94,350	819.19
2007	15,525,054	74,090,000	1,009,546	73,080,454	0.5%	98,557	741.50
2008	31,424,537	97,760,000	295,000	97,465,000	0.3%	102,275	952.97
2009	33,085,217	91,020,000	-	91,020,000	0.3%	105,226	865.00
2010	33,546,600	88,902,000	4,342,000	84,560,000	0.3%	108,085	782.35
2011	33,608,476	82,135,000	4,285,000	77,850,000	0.2%	110,276	705.96
2012	24,279,583	74,030,000	3,790,000	70,240,000	0.3%	112,583	623.90
2013	24,598,580	67,675,000	3,760,000	63,915,000	0.3%	115,670	552.56
2014	25,259,280	61,500,000	3,605,000	57,895,000	0.2%	117,852	491.25
2015	25,326,216	54,060,000	3,445,000	50,615,000	0.2%	121,581	416.31

Notes:

(1) State Data Center; projection as of June 30, 2015; annual estimates previous nine years

Direct and Underlying Governmental Activities Debt
General Obligation Bonds
 June 30, 2015

	General Obligation Bonded Debt	Percent Applicable To County	Amount Applicable To County
Direct:			
Brunswick County	\$ 54,060,000	100%	\$ 54,060,000
Underlying Debt:			
Village of Bald Head Island	9,214,843	100%	9,214,843
City of Northwest	583,000	100%	583,000
Smithville Township	6,995,000	100%	6,995,000
Southeast Brunswick Sanitary District	<u>914,500</u>	100%	<u>914,500</u>
Total Underlying Debt	<u>17,707,343</u>		<u>17,707,343</u>
 Total Direct and Underlying Debt	 <u>\$ 71,767,343</u>		 <u>\$ 71,767,343</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Brunswick County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$ 1,159,216,908	\$ 1,242,004,397	\$ 2,513,962,929	\$ 2,646,817,341
Total net debt applicable to limit	<u>99,155,352</u>	<u>94,828,650</u>	<u>151,143,592</u>	<u>141,527,136</u>
Legal margin	<u>\$ 1,060,061,556</u>	<u>\$ 1,147,175,747</u>	<u>\$ 2,362,819,337</u>	<u>\$ 2,505,290,205</u>
Total net debt applicable to the limit as a percentage of debt limit	8.6%	7.6%	6.0%	5.3%

Table 13

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 2,683,728,040	\$2,688,678,046	\$1,942,366,601	\$1,967,886,412	\$ 2,020,742,425	\$ 2,026,097,249
<u>137,042,608</u>	<u>126,885,833</u>	<u>114,010,000</u>	<u>104,415,000</u>	<u>95,045,000</u>	<u>94,910,000</u>
<u>\$ 2,546,685,432</u>	<u>\$2,561,792,213</u>	<u>\$1,828,356,601</u>	<u>\$1,863,471,412</u>	<u>\$ 1,925,697,425</u>	<u>\$ 1,931,187,249</u>
5.1%	4.7%	5.9%	5.3%	4.7%	4.7%

Calculation of Legal Debt Margin for Fiscal Year 2014:

Assessed value of taxable property	\$25,326,215,608
	<u> x 0.08</u>
Debt limit- 8 percent of assessed value	2,026,097,249
Gross debt:	
Total bonded debt	152,727,778
Total limited obligation bonds	40,500,000
Total installment purchases	<u>44,169,260</u>
Gross debt	237,397,038
Less: Water and wastewater revenue bonds & installment purchases	<u>142,487,038</u>
Total amount of debt applicable to debt limit (net debt)	<u>94,910,000</u>
Legal debt margin	<u>\$ 1,931,187,249</u>

Note: Under State finance law, Brunswick County's outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Pledged-Revenue Coverage
Last Ten Fiscal Years

Net Coverage:

Fiscal Year End June 30	Enterprise Funds			All Enterprise Fund Debt Service			Enterprise Fund Parity Debt Service			Net Coverage
	Operating Revenue Plus Interest	Operating Expenses Excluding OPEB (Net of Depreciation)	Net Available Revenue	Principal	Interest	Total	Principal	Interest	Total	
2006	25,686,926	10,054,792	15,632,134	1,457,752	2,833,230	4,290,982	273,069	1,871,606	2,144,675	3.64
2007	32,991,331	15,095,168	17,896,163	3,557,232	2,951,486	6,508,718	1,089,903	1,859,771	2,949,674	2.75
2008	33,748,828	15,774,804	17,974,024	3,553,881	2,657,871	6,211,752	1,126,683	1,823,841	2,950,524	2.89
2009	31,013,129	15,775,304	15,237,825	4,635,963	2,530,870	7,166,833	2,565,666	1,782,885	4,348,551	2.13
2010	29,990,712	17,063,506	12,927,206	4,644,997	4,017,764	8,662,761	2,668,571	3,306,116	5,974,687	1.49
2011	41,543,785	16,909,934	24,633,851	5,057,980	5,459,336	10,517,316	3,232,594	4,618,438	7,851,032	2.34
2012	38,345,293	17,030,681	21,314,612	6,571,550	8,601,653	15,173,203	4,683,761	7,852,928	12,536,689	1.40
2013	62,371,539	18,210,821	44,160,718	8,620,528	6,148,351	14,768,879	6,255,074	5,444,209	11,699,283	2.99
2014	43,879,271	20,009,476	23,869,795	9,278,001	6,059,305	15,337,306	7,234,652	5,389,027	12,623,679	1.56
2015	45,932,582	19,068,756	26,863,826	9,897,052	6,244,414	16,141,466	7,827,988	5,618,237	13,446,225	1.66

Required Coverage:

Fiscal Year Ended June 30	Net Available Revenue	20% Unrestricted Net position	Total Debt Service	Parity Debt Service	20% Parity Debt Service	Coverage	
						100% Parity	120% Parity
2006	\$ 15,632,134	\$ 4,431,840	\$ 4,290,982	\$ 2,144,675	\$ 428,935	3.64	4.25
2007	17,896,163	4,771,794	6,508,718	2,949,674	589,935	2.75	3.19
2008	17,974,024	6,834,562	6,211,752	2,950,524	590,105	2.89	3.65
2009	15,237,825	5,427,576	7,166,833	4,348,551	869,710	2.13	2.57
2010	12,927,206	4,452,242	8,662,761	5,974,687	1,194,937	1.49	1.76
2011	24,633,851	6,347,304	10,517,316	7,851,032	1,570,206	2.34	2.56
2012	21,314,612	7,062,297	15,173,203	12,536,689	2,507,338	1.40	1.60
2013	44,160,718	10,767,443	14,768,879	12,127,116	2,425,423	2.99	3.19
2014	23,869,795	9,833,780	15,337,306	12,623,679	2,524,736	1.56	1.89
2015	26,863,826	9,800,603	16,141,466	13,446,225	2,689,245	1.66	1.95

Notes:

- (1) Water and Wastewater Revenues include investment earnings.
- (2) Operating expenses are exclusive of OPEB and net of depreciation and interest expense.
- (3) All water and wastewater debt service includes interest and principal of General Obligation Bonds, Revenue Bonds, State loans and other installment debt.

Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) Population	(2) Personal Income (in thousands)	(2) Per Capita Income	(1) Median Age	(3) School Enrollment	(4) Unemployment Rate
2006	94,350	2,195,457	23,269	44.1	11,133	4.1%
2007	98,557	2,440,703	24,764	44.7	11,505	4.7%
2008	102,275	3,101,372	30,324	45.0	11,599	6.1%
2009	105,226	3,394,034	32,255	47.7	11,841	11.0%
2010	108,085	3,347,269	30,969	47.7	11,739	10.2%
2011	110,276	3,482,031	31,576	48.0	11,969	10.3%
2012	112,583	3,674,444	32,638	48.4	12,026	10.3%
2013	115,670	3,899,674	33,714	48.8	12,201	9.1%
2014	117,852	4,072,262	34,554	49.3	12,416	6.9%
2015	121,581	not available	not available	49.6	12,240	7.1%

Notes:

- (1) State Data Center; projection as of June 30, 2015; annual estimates previous nine years
- (2) Bureau of Economic Analysis; figures are for prior calendar year
- (3) Brunswick County School System (20th day ADM)
- (4) North Carolina Employment Security Commission

Principal Employers

Current Year and Nine Years Ago

Name of Employer	Type of Business	Fiscal Year 2015			Fiscal Year 2006		
		Employees	Rank	% Total County Employment	Employees	Rank	% Total County Employment
Brunswick County Board of Education	Education	1,957	1	3.81%	1,650	1	3.91%
County of Brunswick	Local Government	1,028	2	2.00%	853	3	2.02%
Duke Energy (Formerly Progress Energy)	Utility	975	3	1.90%	1,000	2	2.37%
Wal-Mart Associates Inc.	Retail Chain	890	4	1.73%	n/a	n/a	n/a
Brunswick Novant Medical	Medical Care Facility	700	5	1.36%	428	5	1.01%
Food Lion LLC	Grocery Chain	658	6	1.28%	n/a	n/a	n/a
Brunswick Community College	Education	456	7	0.89%	n/a	n/a	n/a
Lowe's Food	Grocery Chain	350	8	0.68%	n/a	n/a	n/a
McAnderson's Inc.	Restaurant Chain	320	9	0.62%	n/a	n/a	n/a
Dosher Memorial Hospital	Medical Care Facility	297	10	0.58%	315	8	0.75%
DAK Americas	Dacron Poly. Fiber	n/a	n/a	n/a	721	4	1.71%
Rampage	Yacht Manufacture	n/a	n/a	n/a	357	6	0.85%
Victaulic Company of America	Pipe Fittings & Seals	n/a	n/a	n/a	343	7	0.81%
Sunny Point Military Terminal	Military	n/a	n/a	n/a	228	9	0.54%
Archer Daniels Midland Company	Citric Acid	n/a	n/a	n/a	142	10	0.34%
Totals		<u>7,631</u>		14.85%	<u>6,037</u>		14.31%

Source: NC Employment Security Commission; total county employment

Full-time Equivalent County Government Employees by Function
 Last Ten Fiscal Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function:										
General government	98	105.5	111.5	110.5	106.5	104.5	100.5	95.5	95	95
Public safety	224	275	340	340	340	336	338	339	362	361
Central services	83	88	94	94	93	91	90	78	79	84
Human services	264	244	253	244	232	230	220	218	220	213
Environmental protection	12	10	9	9	9	8	8	8	7	7
Cultural and recreation	45	45	46	46	46	42	39	39	39	39
Economic and physical development	30	37	41	41	37	34	32	32	27	27
Utilities	<u>86</u>	<u>98.5</u>	<u>109.5</u>	<u>109.5</u>	<u>116.5</u>	<u>115.5</u>	<u>117.5</u>	<u>118.5</u>	<u>118</u>	<u>120</u>
Total	<u>842</u>	<u>903</u>	<u>1,004</u>	<u>994</u>	<u>980</u>	<u>961</u>	<u>945</u>	<u>928</u>	<u>947</u>	<u>946</u>

Source: County Finance Department

Note: This schedule represents the number of approved permanent FTE's as of June 30, 2015.

COUNTY OF BRUNSWICK, NORTH CAROLINA

Operating Indicators by Function/Program Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
General Government				
Number of registered voters	61,942	65,711	69,930	74,096
Number of marriage licenses issued	901	975	847	824
Number of tax bills issued	n/a	n/a	n/a	258,911
Law enforcement:				
Civil papers issued	9,025	7,761	9,312	9,921
Offenses reported	9,977	8,956	10,070	10,663
Uniform mileage	1,801,864	2,092,423	2,159,680	2,526,651
Emergency Services:				
Fire Protection:				
Number of calls answered	7,893	8,879	9,323	9,742
Number of inspections conducted	1,272	1,424	1,310	1,482
Emergency Medical Services:				
Number of calls answered	12,053	13,175	13,371	13,367
Number of transports	6,202	7,185	8,212	7,859
Code enforcement/building permits:				
Number of code violations	199	181	126	414
Number of building permits:				
Single-family	3,905	2,841	1,722	974
Commercial	410	516	463	365
Culture and Recreation:				
Number of athletic fields rented	75	71	8	30
Youth recreation:				
Certified coaches	695	705	1,001	161
Sports teams	49	61	62	69
Participants	735	975	981	2,119
Adult recreation:				
Sports teams	45	49	53	86
Participants	700	790	800	1,700
Fitness program participants	1,250	1,475	1,525	4,153
Library system total circulation	439,838	479,509	501,047	549,929
Solid waste:				
Waste received (tons per 1,000 population)	2,078	1,654	1,337	1,147
Ratio of recyclable to total waste received	6.2%	5.5%	5.0%	4.8%
Public Utilities:				
Water customers	22,412	28,270	29,955	30,675
Water average daily treatment (in gallons)	12,910,000	13,750,000	13,640,000	13,572,000
Wastewater customers	6,241	7,565	8,378	8,622
Wastewater average daily treatment (in gallons)	1,322,000	2,080,000	2,253,000	2,584,000
Education:				
Number of teachers	731	752	756	788
Number of students	11,133	11,505	11,599	11,841
Number of charter students	340	396	443	483

Sources: Various government departments.

Table 18

Fiscal Year					
2010	2011	2012	2013	2014	2015
75,815	77,204	79,635	81,954	85,047	84,823
875	927	1,014	864	903	946
258,839	261,533	260,676	252,480	219,397	157,714
17,570	11,552	9,040	8,863	7,646	8,380
15,054	21,630	15,315	5,476	5,122	4,686
2,295,431	2,227,127	2,411,854	2,131,207	1,818,162	1,948,884
10,168	10,879	10,761	12,364	15,107	15,131
1,024	951	854	1,009	1,336	1,715
13,503	13,595	14,489	17,214	19,520	20,361
8,049	8,068	8,678	11,269	12,952	14,093
418	423	421	540	440	583
1,050	916	1,038	1,517	1,967	2,295
260	340	438	226	226	419
34	115	85	61	63	134
242	245	199	205	238	275
81	98	100	103	119	126
2,225	2,466	3,306	3,330	6,922	3,730
48	63	57	55	48	50
1,886	1,744	3,678	3,700	3,136	2,700
1,165	1,500	2,141	2,201	1,536	n/a
555,614	537,085	541,305	547,559	539,487	544,822
1,200	1,106	980	864	898	899
4.6%	5.9%	6.8%	8.0%	21.7%	22.1%
33,215	33,770	34,394	34,984	36,028	37,112
12,821,890	13,487,920	13,545,000	13,385,000	13,628,000	13,558,885
9,125	9,647	10,475	12,142	13,841	14,514
2,644,752	3,146,983	3,504,000	4,250,000	5,202,500	5,764,442
812	742	758	779	795	791
11,739	11,969	12,026	12,201	12,416	12,240
563	636	688	725	769	880

COUNTY OF BRUNSWICK, NORTH CAROLINA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Law enforcement:				
Sheriff stations	13	13	13	14
Deputy patrol units	33	44	47	51
Detention center capacity	196	196	440	440
Emergency services:				
Rescue stations	8	8	9	9
EMS vehicles	12	12	13	13
Culture and recreational:				
Community centers	7	7	7	7
Parks	11	11	12	13
Libraries (branches)	5	5	5	5
Public Utilities:				
Miles of water mains	642	727	795	839
Maximum daily water capacity (in gallons)	30,000,000	30,000,000	30,000,000	30,000,000
Miles of wastewater mains	238	299	360	403
Maximum daily wastewater capacity (in gallons)	4,650,000	6,115,000	6,115,000	6,115,000
(1) Education:				
Number of schools	16	17	17	17
Number of charter schools	1	1	1	1
Community colleges	1	1	1	1

Sources: Various government departments.

(1) Education capital assets are owned by the Board of Education, Charter School and Community College with the exception of Town Creek Elementary and Cedar Grove Middle Schools which are owned and capitalized by the county.

Table 19

Fiscal Year					
2010	2011	2012	2013	2014	2015
15	15	15	15	15	15
51	51	51	51	50	50
440	440	440	440	440	440
9	9	9	9	9	9
13	13	13	15	16	21
7	7	7	7	7	5
13	13	13	13	13	13
5	5	5	5	5	5
919	949	969	980	999	1,013
30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
473	500	539	559	585	588
9,080,000	9,180,000	9,080,000	10,130,000	10,955,000	10,855,555
19	19	19	19	19	19
1	1	1	1	1	2
1	1	1	1	1	1

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

Board of Commissioners
Brunswick County
Bolivia, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Brunswick County, North Carolina, as of and for the year ended June 30, 2015, and the related Notes to the Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 21, 2015. The financial statements of the Brunswick County Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brunswick County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brunswick County's internal control. Accordingly, we do not express an opinion on the effectiveness of Brunswick County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brunswick County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, NC
October 21, 2015

BRUNSWICK COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No

2. Financial Statements Findings

None reported

BRUNSWICK COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

None